Draft Letter of Offer
February 19, 2019
For Eligible Equity Shareholders only

ZUARI AGRO CHEMICALS LIMITED

Zuari Agro Chemicals Limited ("**our Company**" or "**the Company**" or "**the Issuer**") was incorporated as 'Zuari Holdings Limited', a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated September 10, 2009 issued by the Registrar of Companies, Goa, Daman and Diu ("**RoC**") and received a certificate of commencement of business from the RoC on December 31, 2009. Thereafter, pursuant to a scheme of arrangement and demerger approved by the High Court of Bombay, the fertiliser undertaking of Zuari Industries Limited (now known as Zuari Global Limited) was demerged into our Company and the name of our Company was changed to its present name 'Zuari Agro Chemicals Limited', pursuant to a fresh certificate of incorporation issued by the RoC on September 28, 2012. For more information regarding change in name and registered office of our Company, see "*History and Other Corporate Matters*" on page 107.

Corporate Identity Number: L65910GA2009PLC006177
Registered Office: Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726, Goa, India; **Tel:** +91 832 2592180
Corporate Office: 5th Floor, Global Business Park, Tower A, M.G. Road, Sector 26, Gurugram – 122 002, Haryana, India; **Tel:** +91 124 4827800
Contact Person: R. Y. Patil, Vice President, Company Secretary and Compliance Officer;
E-mail: investor.relations@adventz.com; **Website:** www.zuari.in

OUR PROMOTERS: ZUARI GLOBAL LIMITED, GLOBALWARE TRADING & HOLDINGS LIMITED, ZUARI MANAGEMENT SERVICES LIMITED, TEXMACO INFRASTRUCTURE & HOLDINGS LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF ZUARI AGRO CHEMICALS LIMITED

ISSUE OF UPTO [●] [●]% COMPULSORILY CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹[●] EACH OF THE COMPANY (THE "CCDs") FOR CASH AT A PRICE OF ₹[●] PER CCD CONVERTIBLE INTO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH OF THE COMPANY (THE "EQUITY SHARES") FOR AN AMOUNT NOT EXCEEDING ₹50,000 LAKHS ON A RIGHTS BASIS TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] CCDs FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" ON PAGE 349.

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The CCDs being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of investors is invited to "*Risk Factors*" on page 16.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

The Issue of CCDs has been rated by [●] as [●] indicating [●]. For details, see "*General Information*" on page 45.

LISTING

The existing Equity Shares are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**") (together the "**Stock Exchanges**"). Our Company has received in-principle approval from the BSE and the NSE for listing the CCDs proposed to be issued pursuant to the Issue *vide* their letters dated [●] and [●], respectively. For the purposes of the Issue, [●] is the Designated Stock Exchange. For details of the material contracts and documents available for inspection from the date of the Letter of Offer up to the Issue Closing Date, see "*Material Contracts and Documents for Inspection*" on page 396.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
JM FINANCIAL	LINK Intime
JM Financial Limited 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India **Telephone:** +91 22 6630 3030 **Facsimile**: +91 22 6630 3330 **Email**: zuariagro.rightsissue@jmfl.com **Investor grievance email**: grievance.ibd@jmfl.com **Website**: www.jmfl.com **Contact Person**: Prachee Dhuri **SEBI Registration No.**: INM000010361	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400 083 Maharashtra, India **Telephone**: +91 22 4918 6200 **Facsimile**: +91 22 4918 6195 **Email**: zuariagro.ccd@linkintime.co.in **Investor grievance e-mail**: zuariagro.ccd@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Sumeet Deshpande **SEBI Registration No**: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

TABLE OF CONTENTS

SECTION I - GENERAL 1

DEFINITIONS AND ABBREVIATIONS 1
NOTICE TO INVESTORS...6
PRESENTATION OF FINANCIAL AND OTHER INFORMATION 8
USE OF MARKET DATA 9
FORWARD LOOKING STATEMENTS...10
SUMMARY OF THE OFFER DOCUMENT..11

SECTION II - RISK FACTORS...16

SECTION III - INTRODUCTION 38

SUMMARY OF FINANCIAL INFORMATION...38
THE ISSUE 44
GENERAL INFORMATION..45
CAPITAL STRUCTURE 51
OBJECTS OF THE ISSUE 61
BASIS OF ISSUE PRICE 67
STATEMENT OF TAX BENEFITS 70

SECTION IV - ABOUT US...76

INDUSTRY OVERVIEW...76
OUR BUSINESS 84
REGULATIONS AND POLICIES..97
HISTORY AND OTHER CORPORATE MATTERS...107
OUR MANAGEMENT 117
OUR PROMOTERS AND PROMOTER GROUP 134
GROUP COMPANIES..143
RELATED PARTY TRANSACTIONS 152
DIVIDEND POLICY 153

SECTION V - FINANCIAL INFORMATION 154

FINANCIAL STATEMENTS 154
OTHER FINANCIAL INFORMATION 256
LIMITED REVIEW FINANCIAL INFORMATION..258
CAPITALISATION STATEMENT 268
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 269
MARKET PRICE INFORMATION..321
FINANCIAL INDEBTEDNESS 324

SECTION VI - LEGAL AND OTHER INFORMATION...327

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS...327
GOVERNMENT AND OTHER APPROVALS...333
OTHER REGULATORY AND STATUTORY DISCLOSURES...342

SECTION VII – OFFERING INFORMATION 349

TERMS OF THE ISSUE..349
MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION 387
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION...396
DECLARATION..398

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined, and abbreviations expanded herein below shall have the same meaning as stated in this section.

The words and expressions used in this document but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, SEBI ICDR Regulations, the Depositories Act or the rules and regulations made thereunder. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

The following list of capitalised terms used in this document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless the context otherwise indicates, all references to "our Company", "the Company" and "the Issuer" are references to Zuari Agro Chemicals Limited, a company incorporated in India under the Companies Act, 1956, having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726, Goa, India. References to "we", "us" and "our" are references to our Company, together with its subsidiaries and its joint ventures, on a consolidated basis, unless the context indicates otherwise.

Company related and industry related terms

Term	Description
"AGM"	Annual General Meeting
"Articles of Association"	The articles of association of our Company, as amended
"Audit Committee"	The audit committee of our Board, as described in *"Our Management"* on page 117.
"Auditor" / "Statutory Auditor"	The current statutory auditors of our Company, S. R. Batliboi & Co. LLP, Chartered Accountants
"Board" or "Board of Directors"	Board of Directors of our Company including any committees thereof
"Compulsory Convertible Debentures" / "CCDs" / "Rights CCD"	Compulsorily convertible debentures of face value of ₹[●] each of our Company
"Corporate Office"	The corporate office of our Company is located at 5th Floor, Global Business Park, Tower A, M.G. Road, Sector 26, Gurugram – 122002, Haryana, India
"Director(s)"	The director(s) on the Board of our Company, unless otherwise specified.
"Equity Share(s)"	Equity shares of our Company having a face value of ₹10 each, unless otherwise specified in the context thereof
"Financial Year" / "Fiscal" / "Fiscal Year" / "FY"	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
"Group Companies"	The companies as described in "*Group Companies*" on page 143.
"Independent Director(s)"	Independent director(s) on our Board
"Joint Venture"	Zuari Maroc Phosphates Private Limited and MCA Phosphates Pte. Limited
"Key Management Personnel"	Key management/managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in *"Our Management"* on page 117
"Limited Review Financial Results"	The unaudited standalone and consolidated Ind AS financial results of our Company, its subsidiaries, its joint ventures including its subsidiary and associate, for the quarter ended December 31, 2018 and year to date from April 1, 2018 to December 31, 2018 submitted by our Company pursuant to the requirements of Regulation 33 of the SEBI Listing Regulations, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016
"MoA"/ "Memorandum of Association"	The memorandum of association of our Company, as amended.
"Promoter(s)"	The Promoters of our Company, namely: Zuari Global Limited, Globalware Trading & Holdings Limited, Zuari Management Services Limited and Texmaco Infrastructure & Holdings Limited.
"Promoter Group"	Persons and entities constituting the promoter group of our Company in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see "*Our Promoters and Promoter Group*" on page 134.
"Registered Office"	The registered office of our Company is located at Jai Kisaan Bhawan, Zuarinagar,

Term	Description
	Goa – 403 726, Goa, India.
“Restated Ind AS Consolidated Summary Statements”	Restated Ind AS consolidated summary statement of assets and liabilities of our Company, its subsidiaries, its joint ventures including its subsidiary and associate, as at September 30, 2018, March 31, 2018, March 31, 2017, and March 31, 2016, and the restated Ind AS consolidated summary statement of profit and loss, the restated Ind AS consolidated summary statement of changes in equity and the restated Ind AS consolidated summary statement of cash flows of our Company, for the six months period ended September 30, 2018, and for each of the Financial Year ended March 31, 2018, March 31, 2017 and March 31, 2016, prepared in accordance with the applicable provisions of the Companies Act and Ind AS, and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note.
“Registrar of Companies”/ “RoC”	The Registrar of Companies, Goa and Daman and Diu
“Scheme of Arrangement and Demerger”	Scheme of Arrangement and Demerger between Zuari Industries Limited (now known as Zuari Global Limited), our Company, operating under its earlier name, Zuari Holdings Limited, and their shareholders and creditors
“Scheme of Amalgamation”	Scheme of amalgamation amongst our Company and Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Speciality Fertilisers Limited (the erstwhile subsidiaries of our Company) and their respective shareholders and creditors
“Shareholders”	The holders of the Equity Shares from time to time.
“Subsidiaries”	The subsidiaries of our Company, as on the date of this Draft Letter of Offer, namely: a. Mangalore Chemicals & Fertilizers Limited, and b. Adventz Trading, DMCC.

Conventional / General Terms

Term	Description
“ASBA Circular 2009”	SEBI Circular No. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009
“ASBA Circular 2011”	SEBI Circular No. SEBI/CFD/DIL/ 1/2011 dated April 29, 2011
“ASBA Circular 2012”	SEBI Circular No. SEBI/CFD/DIL/13/2012 dated September 25, 2012
“ASBA Circular 2013”	SEBI Circular No. SEBI/CFD/DIL/1/2013 dated January 2, 2013
“Companies Act”	The Companies Act, 2013
“Depositories Act”	The Depositories Act, 1996
“Depository”	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, in this case being NSDL and CDSL
“Depository Participant” / “DP”	A depository participant as defined under the Depositories Act
“ICAI Guidance Note”	The Guidance Note on Reports in Company Prospectuses (revised), 2019, as issued by the ICAI
“Mutual Fund” / “MF”	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
“SEBI Act”	Securities and Exchange Board of India Act, 1992
“SEBI AIF Regulations”	The SEBI (Alternative Investment Fund) Regulations, 2012
“SEBI FPI Regulations”	The SEBI (Foreign Portfolio Investors) Regulations, 2014
“SEBI FVCI Regulations”	The SEBI (Foreign Venture Capital Investors) Regulations, 2000
“SEBI ICDR Regulations”	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
“SEBI Listing Regulations”	The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
“SEBI Takeover Regulations”	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
“SEBI VCF Regulations”	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
“Securities Act”	U.S. Securities Act of 1933

Issue related terms

Term	Description
“Abridged Letter of Offer”	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with SEBI ICDR Regulations and the Companies Act
“Allot”/ “Allotted” / “Allotment”	Unless the context requires, the allotment of CCDs pursuant to the Issue
“Allotment Date”	Date on which Allotment shall be made

Term	Description
"Allottee(s)"	Persons to whom the CCDs shall be issued pursuant to the Issue
"Applicant(s)" / "Investor(s)"	Eligible Equity Shareholders and/or Renouncees who are entitled to apply or have applied for CCDs under the Issue, as the case maybe
"Application"	Unless the context otherwise requires, refers to an application for Allotment of compulsory convertible debentures in this Issue
"Application Money"	Aggregate amount payable in respect of the CCDs applied for in the Issue
"Application Supported by Blocked Amount" / "ASBA"	The application (whether physical or electronic) used by an ASBA investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
"ASBA Account"	Account maintained by an ASBA Investor with a SCSB which will be blocked by such SCSB to the extent of the amount payable on application in the ASBA Account
"ASBA Investor(s)"	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional compulsory convertible debentures in dematerialized form; who have not renounced their Rights Entitlements in full or in part; who are not Renouncees; and who are applying through blocking of funds in a bank account maintained with SCSBs.
"Bankers to the Company"	HDFC Bank Limited; ICICI Bank Limited; IndusInd Bank Limited; State Bank of India; and Yes Bank Limited
"Bankers to the Issue"	[●]
"Composite Application Form"/ "CAF"	The form used by an Investor to make an application for the Allotment of CCDs in the Issue
"Consolidated Certificate"	In case of holding of Equity Shares in physical form, the certificate that we would issue for the CCDs Allotted to one folio
"Controlling Branches"/ "Controlling Branches of the SCSBs"	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
"Conversion Price"	The price at which Equity Shares will be issued upon conversion of CCDs i.e., ₹[●] per Equity Share.
"Designated Branches"	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
"Designated Stock Exchange"	[●]
"Draft Letter of Offer"	This draft letter of offer dated February 19, 2019 filed with SEBI, in accordance with the SEBI ICDR Regulations, for its observations.
"Equity Shareholder(s)"	The holders of Equity Shares of our Company
"Eligible Equity Shareholder(s)"	The holders of Equity Shares as on the Record Date i.e. [●]
"Investor(s)"	Eligible Equity Shareholders and/or Renouncees applying in the Issue
"Issue"/ "Rights Issue"	Issue of [●] [●]% CCDs for cash at a price of ₹[●] per CCD convertible into [●] Equity Shares for an amount not exceeding ₹50,000 lakhs on a rights basis to the Eligible Equity Shareholders in the ratio of [●] CCD(s) for every [●] fully paid-up Equity Share(s) held by the existing Eligible Equity Shareholders on the Record Date, i.e., [●].
"Issue Closing Date"	[●]
"Issue Opening Date"	[●]
"Issue Price"	₹[●] per CCD
"Issue Proceeds" / "Gross Proceeds"	Gross proceeds of the Issue
"Issue Size"	The issue of [●] CCDs not exceeding ₹50,000 lakhs
"Lead Manager"	JM Financial Limited
"Letter of Offer"	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on this Draft Letter of Offer
"Listing Agreement"	The uniform listing agreement entered into between the Company and the Stock Exchanges
"Maturity Date"	The date on which the CCDs will be compulsorily and automatically converted into Equity Shares
"Net Proceeds"	The Issue Proceeds less the Issue related expenses. For further details, please see "*Objects of the Issue*" on page 61 of this Draft Letter of Offer
"Non-ASBA Investor"	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
"Non-Institutional Investors"	Non-institutional investor(s), as defined under Regulation 2(1)(jj) of SEBI ICDR Regulations

Term	Description
"QIBs" / "Qualified Institutional Buyers"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of SEBI ICDR Regulations.
"Record Date"	Designated date for the purpose of determining the Shareholders eligible to apply for CCDs in the Issue, that is [●]
"Registrar to the Issue" / "Registrar and Transfer Agent"	Link Intime India Private Limited
"Renouncees"	Any persons who has / have acquired Rights Entitlements from the Eligible Equity Shareholders
"Retail Individual Investors"	Individual Investors who have applied for CCDs for an amount not more than ₹200,000 (including HUFs applying through their Karta)
"Rights Entitlement"	The number of CCDs that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
"SAF(s)"	Split Application Form(s)
"SCSB(s)"	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time
"Stock Exchanges"	BSE and NSE, where the Equity Shares are presently listed and traded
"Wilful Defaulter"	Company or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such
"Working Day"	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to Issue Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights CCDs on the Stock Exchange, "Working Day" shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays.

Abbreviations

Term	Description
"₹" / "Rs." / "Rupees"/ "INR"	Indian Rupees
"AIF"	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
"Bps"	Basis points
"BSE"	BSE Limited
"Calendar Year"	The 12-month period ending December 31
"CAGR"	Compounded Annual Growth Rate being, annualised average year-over-year growth rate over a specific period of time
"CARO"	Companies (Auditor's Report) Order 2016
"CDSL"	Central Depository Services (India) Limited
"DIN"	Director Identification Number
"DIPP"	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
"DP ID"	Depository Participant Identification
"EBITDA"	Earnings before interest (net), taxes, depreciation and amortisation
"EGM"	Extraordinary General Meeting
"EPS"	Earnings Per Share
"FCCB"	Foreign Currency Convertible Bonds
"FDI"	Foreign Direct Investment
"FDI Policy"	Consolidated Foreign Direct Investment Policy notified by the DIPP vide circular no. D/o IPP F. No. 5(1)/2017- FC-1 dated August 28, 2017
"FEMA Act" / "FEMA"	Foreign Exchange Management Act, 1999, including the regulations framed thereunder
"FEMA Regulations"	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
"FIs"	Financial Institutions
"FPI(s)"	Foreign Portfolio Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, registered with SEBI under applicable laws in India
"FVCI"	Foreign Venture Capital Investors as defined under the Securities and Exchange

Term	Description
	Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI under applicable laws in India
“GDP”	Gross Domestic Product
“GoI”	Government of India
“GST”	Goods and Service Tax
“HUF”	Hindu Undivided Family
“ICAI”	Institute of Chartered Accountants of India
“ICRA”	ICRA Limited
“ICSI”	Institute of Company Secretaries of India
“ICWAI”	Institute of Cost and Works Accountants of India
“IFRS”	International Financial Reporting Standards
“IFSC”	Indian Financial System Code
“Indian GAAP”	Generally accepted accounting principles followed in India, as notified under the Companies (Accounting Standard) Rules 2014, as amended
“Ind AS”	Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended
“ISIN”	International Securities Identification Number
“IT”	Information Technology
“KTPA”	Kilo Tonnes Per Annum
“MCLR”	Marginal Cost of Fund Based Lending Rate
“MICR”	Magnetic Ink Character Recognition
“NACH”	National Automated Clearing House
“NAV”	Net Asset Value
“NBFC”	Non-Banking Financial Company
“NEFT”	National Electronic Funds Transfer
“NR”	Non-Resident
“NRI(s)”	Non-Resident Indian(s)
“NRE”	Non-Resident External Account
“NRO”	Non-Resident Ordinary Account
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“OCB”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue
“p.a.”	Per Annum
“PAN”	Permanent Account Number
“PAT”	Profit After Tax
“RBI”	Reserve Bank of India
“Regulation S”	Regulation S of the Securities Act
“RTGS”	Real Time Gross Settlement
“SEBI”	Securities and Exchange Board of India
“State Government”	The government of a state in India
“STT”	Securities Transaction Tax
“U.S.” / “US” / “USA”	Unites States of America
“USD”/”US$”	United States Dollar
“VCF(s)”	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
“WCDL”	Working Capital Demand Loan

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in *“Main provisions of the Articles of Association*”, “*Statement of Tax Benefits*”, “*Regulations and Policies*” and “*Financial Information*” on pages 387, 70, 97 and 154, respectively of this Draft Letter of Offer, shall have the meanings given to such terms in these respective sections.

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or CAF and issue of CCDs to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAF only to such Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer/Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights CCDs may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to the Rights CCDs and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer or the Abridged Letter of Offer should not, in connection with the issue of the Rights CCDs or the Rights Entitlements, distribute or send the Letter of Offer or the Abridged Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If the Letter of Offer or the Abridged Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights CCDs or the Rights Entitlements referred to in this Letter of Offer and the Abridged Letter of Offer. Envelopes containing a CAF should not be dispatched from the jurisdiction where it would be illegal to make an offer and all the person subscribing for the CCDs in the Issue must provide an Indian address.

Any person who makes an application to acquire the Rights Entitlements or the Rights CCDs offered in the Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights Entitlements or the Rights CCDs in compliance with all applicable laws and regulations prevailing in his jurisdiction.

We, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights CCDs or Rights Entitlement in respect of any such CAF.

Neither the delivery of the Letter of Offer, the Abridged Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer and the Abridged Letter of Offer or the date of such information.

The contents of the Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of CCDs. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of CCDs. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the CCDs regarding the legality of an investment in the CCDs by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights CCDs have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act). The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights CCDs or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights

CCDs or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Letter of Offer/Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights CCDs within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, no payments for subscribing for the CCDs shall be made from US bank accounts and all persons subscribing for the Rights CCDs Issue and wishing to hold such CCDs in registered form must provide an address for registration of these CCDs in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer/Abridged Letter of Offer and CAF will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights CCDs will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights CCDs or the Rights Entitlements, it will not be, in the United States; (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made; and (iii) it is authorised to acquire the Rights Entitlements and the Rights CCDs in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights CCDs or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights CCDs or Rights Entitlement in respect of any such CAF. Our Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights Entitlements may not be transferred or sold to any person in the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data

Unless otherwise indicated or required by context, the financial data in this Draft Letter of Offer is derived from our Restated Ind AS Consolidated Summary Statements. The Restated Ind AS Consolidated Summary Statements for the six month period ended September 30, 2018, Financial Years ended March 31, 2018, 2017 and 2016 have been prepared basis Ind AS, the Companies Act, 2013 and restated in accordance with SEBI ICDR Regulations and the ICAI Guidance Note.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in crores and lakhs.

Currency and Units of Presentation

All references to:
- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" are to United States Dollar, the official currency of the United States; and
- "EUR" or "€" are to Euro, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "lakh" units.

Please note:
- One million is equal to 1,000,000/10 lakhs;
- One billion is equal to 1,000 million;
- One lakh is equal to 100 thousand; and
- One crore is equal to 10 million/100 lakhs.

Exchange Rates

This Draft Letter of Offer contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between Rupee and US$ (in Rupees per US$); and Rupee and € (in Rupees per €):

(Amount in ₹, unless otherwise specified)

Currency	**As at**			
	September 30, 2018*	**March 31, 2018****	**March 31, 2017**	**March 31, 2016**
1US$	72.55	65.04	64.84	66.33
1 €	84.10	80.62	69.25	75.10

Source: RBI Reference Rate and www.fbil.org.in

Exchange rate as on September 28, 2018, as RBI reference rate is not available for September 30, 2018 and September 29, 2018 being a Saturday and Sunday, respectively.

** *Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively.*

USE OF MARKET DATA

Information included in this Draft Letter of Offer regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on industry reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Draft Letter of Offer pertaining to the industry in which we operate has been obtained or derived from publicly available information, including industry and government sources.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates.

Neither our Company, nor the Lead Manager have independently verified this data, and neither does our Company nor the Lead Manager make any representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and accordingly, neither our Company, nor the Lead Manager can assure the prospective investors as to their accuracy.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful is dependent on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" beginning on page 16.

Accordingly, investment decisions should not be based solely on such information.

Certain industry information has been included in this Draft Letter of Offer has been derived from the ICRA research report titled "*Indian Fertiliser & Agri-Inputs Sector*" published in August 2018, which contained the following disclaimer.

Disclaimer clause of ICRA

"*All information mentioned herein and otherwise as contained in the report or rationale has been obtained by us from sources believed by us to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and we shall not be liable for any losses incurred by users from any use of this publication or its contents.*"

FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the sections titled “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Our Business*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information.

Words such as “aims”, “anticipate”, “believe”, “could”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “would” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under “*Risk Factors*”, as well as those included elsewhere in this Draft Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors *inter alia* include, but are not limited, to:

- Performance of the agricultural sector in which our products are used;
- Seasonality of the agricultural industry which may affect demand for fertilisers;
- Change or withdrawal of any subsidy granted by the Government may impact our business;
- The loss, shutdown or slowdown of operations at any of our manufacturing facilities, underutilisation of our manufacturing capacities or ability to adapt to technological changes;
- Changes in government policy;
- Shortage or non-availability of electricity or gas;
- Fluctuations in the price, availability and quality of raw materials sourced from foreign suppliers;
- Impact of changes in/violation of environmental regulations;
- Any adverse outcome in the material legal proceedings in which we, our Directors or our Promoters are involved;
- Retention of senior management team; and
- Failure to protect our intellectual property against third party infringement.

For a further discussion of factors that could cause the actual results to differ, see “*Risk Factors*” on page 16. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, nor the Lead Manager make any representation, warranty or prediction that the result anticipated by such forward looking statement will be achieved, and such forward looking statements represent, in each case, only one of the many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we, nor the Lead Manager nor any of their affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges’ requirements, our Company and the Lead Manager shall ensure that the Eligible Equity Shareholders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including the sections entitled *"Risk Factors"*, *"Objects of the Issue"*, *"Our Business" and "Terms of the Issue"* on pages 16, 61, 84 and 349 respectively.

<table>
<tr><td>Primary business of our Company</td><td>We are amongst the largest manufacturers of phosphatic fertilizers, urea and one of the major players manufacturing water soluble fertilizers in India. We have an experience of more than fifty years as a manufacturer of fertilizers. We manufacture fertilizers, speciality fertilizers, micro nutrients and other related products. We manufacture and market the above-mentioned products either on our own or through our Subsidiaries and Joint Ventures.</td></tr>
<tr><td>Industry in which our Company operates</td><td>According to the ICRA Report, the major growth driver for the phosphatic fertilisers are low productivity and requirement for improved fertiliser use efficiency. Further, GoI has set an ambitious target of doubling farm incomes by 2022 and aims to follow a four- pronged approach of targeting improvement in productivity, higher crop intensity, diversification towards high value crops and improving resource use efficiency.</td></tr>
<tr><td>Names of the promoters</td><td>Zuari Global Limited, Globalware Trading & Holdings Limited, Zuari Management Services Limited and Texmaco Infrastructure & Holdings Limited.</td></tr>
<tr><td>Issue Size</td><td>Issue of up to [●] CCDs for cash at price of ₹[●] per CCD aggregating up to ₹50,000 lakhs</td></tr>
<tr><td>Objects of the Issue</td><td>The objects for which the Net Proceeds shall be utilised are as follows:
<table>
<tr><th>Particulars</th><th>Amount <i>(in ₹lakhs)</i></th></tr>
<tr><td>Prepayment and/or repayment of all or a portion of certain outstanding borrowings availed by our Company</td><td>37,500</td></tr>
<tr><td>General corporate purposes*</td><td>[●]</td></tr>
</table>
*<i>To be determined upon finalisation of the Issue Price and updated in the Letter of Offer prior to filing with the Stock Exchanges. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.</i> For further details see <i>"Objects of the Issue"</i> on page 61.</td></tr>
<tr><td>Aggregate pre-Issue shareholding of our Promoters and Promoter Group as percentage of our paid-up Equity Share capital</td><td>The aggregate pre-Issue shareholding of our Promoters and Promoter Group as a percentage of the pre-Issue paid-up Equity Share capital of the Company, as on December 31, 2018, is set out below:
<table>
<tr><th>Sr. No.</th><th>Name of shareholder</th><th>Number of Equity Shares</th><th>Percentage of pre-Issue paid-up Equity Share capital (%)</th></tr>
<tr><td colspan="4">(A) Promoters</td></tr>
<tr><td colspan="2">Zuari Global Limited</td><td>84,11,601</td><td>20.00</td></tr>
<tr><td colspan="2">Globalware Trading & Holdings Limited</td><td>74,91,750</td><td>17.81</td></tr>
<tr><td colspan="2">Zuari Management Services Limited</td><td>50,78,909</td><td>12.08</td></tr>
<tr><td colspan="2">Texmaco Infrastructure & Holdings Limited</td><td>30,00,125</td><td>7.13</td></tr>
<tr><td colspan="2">Total (A)</td><td>2,39,82,385</td><td>57.02</td></tr>
<tr><td colspan="4">(B) Promoter Group</td></tr>
<tr><td colspan="2">Adventz Finance Private Limited</td><td>14,24,201</td><td>3.39</td></tr>
<tr><td colspan="2">New Eros Tradecom Limited</td><td>11,96,767</td><td>2.85</td></tr>
<tr><td colspan="2">Akshay Poddar</td><td>1,50,585</td><td>0.36</td></tr>
<tr><td colspan="2">Saroj Kumar Poddar*</td><td>1,50,000</td><td>0.36</td></tr>
<tr><td colspan="2">Jeewan Jyoti Medical Society</td><td>1,38,550</td><td>0.33</td></tr>
<tr><td colspan="2">Duke Commerce Limited</td><td>1,11,000</td><td>0.26</td></tr>
<tr><td colspan="2">Adventz Securities Enterprises Limited</td><td>98,804</td><td>0.23</td></tr>
<tr><td colspan="2">Saroj Kumar Poddar</td><td>29,406</td><td>0.07</td></tr>
<tr><td colspan="2">Basant Kumar Birla</td><td>30,000</td><td>0.07</td></tr>
</table></td></tr>
</table>

Jyotsna Poddar	21,621	0.05
Adventz Investment Company Private Limited	15,000	0.04
Ricon Commerce Limited	8,100	0.02
Total (B)	**33,74,034**	**8.02**
Total (A+B)	**2,73,56,419**	**65.04**

* *Held in the capacity of a trustee of Saroj and Jyoti Poddar Holdings Private Trust*

Select Financial Information

The details of our Equity Share capital, net worth, the net asset value per Equity Share and total borrowings as at March 31, 2018, 2017, 2016 and for the six months period ended September 30, 2018 derived from the Restated Ind AS Consolidated Summary Statements are as follows:

(*in ₹ lakhs*)

Particulars	**As at September 30, 2018**	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**
Equity Share capital	4,205.80	4,205.80	4,205.80	4,205.80
Net worth	1,50,804.58	1,48,166.65	1,34,897.41	1,30,798.79
Net asset value per Equity Share	452.80	445.39	407.71	395.12
Total borrowings	4,08,680.70	4,50,725.29	4,29,877.29	5,04,730.12

The details of our total revenue, earnings/(loss) per Equity Share (basic and diluted) and total comprehensive income/loss for the fiscals 2018, 2017 and 2016 and for the six months period ended September 30, 2018 as per the Restated Ind AS Consolidated Summary Statements are as follows:

(*in ₹ lakhs, except per share data*)

Particulars	**For the six month period September 30, 2018**	**For Fiscal 2018**	**For Fiscal 2017**	**For Fiscal 2016**
Total revenue	4,46,962.92	7,36,684.96	6,47,184.70	7,64,397.87
Earnings/(loss) per Equity Share				
Basic	3.04*	32.57	10.07	(24.21)
Diluted	3.04*	32.57	10.07	(24.21)
Total comprehensive income/(loss) for the period, net of tax	1,897.25	15,219.60	6,641.31	(14,805.75)

* *Not annualised*

Auditor qualifications which have not been given effect to the Restated Ind AS Consolidated Summary Statements

The following are the qualifications which have not been given effect to the Restated Ind AS Consolidated Summary Statements

a) *Special Purpose Interim Consolidated Ind AS Financial Statements as at and for the period ended September 30, 2018*

The Special Purpose Interim Consolidated Ind AS Financial Statements include the Group's share of total comprehensive income (comprising of profits and other comprehensive income) of INR 1,468.39 lakhs for the period ended September 30, 2018 respectively, in relation to MCA Phosphates Pte. Ltd., a joint venture company, located outside India, whose financial statements and other financial information have not been subject to audit and has been compiled by the management. Accordingly, the auditors were unable to comment on the financial impact, if any, on the Special Purpose Interim Consolidated Ind AS Financial Statements if the same had been audited.

The following are the qualifications which do not require to be given effect to the Restated Ind AS Consolidated Summary Statements

a) *Consolidated Ind AS financial statements as at and for the year ended March 31, 2017*

In the audited consolidated Ind AS financial statements, the auditors reported that a subsidiary company, Mangalore Chemical & Fertilizers Limited (MCFL) had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holding Limited (UBHL) and have indicated that these transactions may have involved irregularities. Based on their report, Zuari Fertilisers and Chemicals Limited, the holding company of MCFL has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UBHL Group for the irregularities. The subsidiary had already provided an aggregate amount of INR 21,668 lakhs against the above in their books. Pending outcome of the legal dispute on the above matters, the auditors were unable to comment on including consequential effects, if any to be made in the consolidated Ind AS financial statements.

a) *Consolidated financial statements as at and for the year ended March 31, 2016*

In the audited consolidated financial statements, the auditors reported that a subsidiary company, M/S Mangalore Chemical & Fertilizers Limited had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holding Limited and have indicated that these transactions may have involved irregularities. The subsidiary has provided an aggregate amount of INR 21,668 lakhs against the above in their books. The subsidiary company M/S Mangalore Chemical & Fertilizers Limited is taking necessary legal advice in connection with the findings and taking necessary steps in this regard. Pending legal advice on the above matters, the auditors were unable to comment on including consequential effects, if any to be made in the consolidated financial statements.

Qualification in the Auditor's report on Internal Financial Controls on the consolidated Ind AS financial statements as at and for the year ended March 31, 2018 and consolidated financial statements as at and for the year ended March 31, 2016 which do not require to be given effect to the Restated Ind AS Consolidated Summary Statements:

a) *Consolidated Ind AS financial statements as at and for the year ended March 31, 2018*

The Holding Company's (ZACL) internal financial controls over evaluation of provision for impairment in the value of investments were not operating effectively which could potentially result in the Holding Company not recognising provision for impairment in the value of investments.

b) *Consolidated financial statements as at and for the year ended March 31, 2016*

The Holding Company's (ZACL) internal financial controls over evaluation of provision for doubtful advances were not operating effectively which could potentially result in the Holding Company not recognising provision for doubtful advances.

Summary table of the outstanding litigations and cross reference to the relevant disclosures

Litigation involving our Company

Type of Proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ lakhs)*
Civil	6	13,363.71
Criminal	1	15,490.00
Regulatory/Statutory action	*Nil*	-
Tax	24	6,302.33

******to the extent quantifiable*

Litigation involving our Subsidiaries

Type of Proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ lakhs)*
Civil	2	616.00
Criminal	*Nil*	-
Regulatory/Statutory action	*Nil*	-
Tax	14	9,695.59

******to the extent quantifiable*

Litigation involving our Promoters

Type of Proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ lakhs)*
Civil	1	219.55
Criminal	*Nil*	-
Regulatory/Statutory action	*Nil*	-

Tax	19	9,626.46

*****_to the extent quantifiable_

Litigation involving our Directors

Type of Proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ lakhs)*
Civil	1	200.00
Criminal	-	-
Regulatory/Statutory action	-	-
Tax	1	6,083.88

*****_to the extent quantifiable_

Litigation involving our Group Companies

Type of Proceeding	Number of cases	Amount, to the extent quantifiable (in ₹ lakhs)*
Civil	3	22,054.31

*****_to the extent quantifiable_

For further details, see *"Outstanding Litigations and Material Developments"* on page 327.

Summary table of the contingent liabilities and a cross references to the contingent liabilities of the issuer as disclosed in the Restated Ind AS Consolidated Summary Statements

Contingent Liabilities and Commitments

(*in ₹lakhs*)

Particulars	For the six month period ended September 30, 2018	Fiscal 2018	Fiscal 2017	Fiscal 2016
Claims/demand raised by Government Authorities	22,228.33	16,692.19	11,500.93	9,852.33
Other Claims against us not acknowledged as debts	107.61	107.61	7.26	94.05
Other Contingent Liabilities	5,293.00	5,293.00	5,293.00	7,293.00
Financial Guarantees	4,053.60	11,889.23	14,834.37	16,211.99
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	19,764.64	6,408.73	7,302.01	6,971.63

For details of the contingent liabilities of the Company as per Ind AS 37, see *"Financial Information"* on page 154.

Risk Factors

For details of the risks applicable to us, see *"Risk Factors"* on page 16.

Summary of related party transactions for the last three years

A summary of related party transactions entered into by our Company with our Subsidiaries, Joint Ventures, Key managerial personnel and other related parties are as follows:

(*₹in lakhs*)

Particulars	For the six-month period ended September 30, 2018	Fiscal 2018	Fiscal 2017	Fiscal 2016
Subsidiaries	5,586.68	8,522.09	18,936.12	28,572.45
Joint Ventures	28,157.19	14,275.60	22,705.28	1,105.61
Key managerial personnel	544.46	803.72	579.91	560.84

<table>
<tr>
<td></td>
<td>
<table>
<tr><td>Other related parties</td><td>1,782.26</td><td>2,567.21</td><td>26,385.76</td><td>3,302.72</td></tr>
</table>
For details of the related party transactions, see “<i>Related Party Transactions</i>” on page 152.
</td>
</tr>
<tr>
<td>Details of all financing arrangements whereby our Promoters, members of the Promoter Group, directors of the corporate Promoters, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business by a financing entity during the period of six months immediately preceding the date of the Draft Letter of Offer</td>
<td>The directors of our Promoter(s), members of our Promoter Group, our Directors and their relatives have not financed the purchase by any other person of securities of our Company other than in the normal course of the business by a financing entity during the period of six months immediately preceding the date of this Draft Letter of Offer.</td>
</tr>
<tr>
<td>Average cost of acquisition of shares for Promoters</td>
<td>The average cost of acquisition of Equity Shares held by our Promoters is as follows:
<table>
<tr><th>Name of Promoter</th><th>Average cost of acquisition per Equity Share* (in ₹)</th></tr>
<tr><td>Zuari Global Limited</td><td>10.00</td></tr>
<tr><td>Globalware Trading & Holdings Limited</td><td>70.98</td></tr>
<tr><td>Zuari Management Services Limited</td><td>25.66</td></tr>
<tr><td>Texmaco Infrastructure & Holdings Limited</td><td>109.62</td></tr>
</table>
</td>
</tr>
<tr>
<td>Size of pre-IPO placement and allottees, upon completion of the placement</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Any issuances of Equity Shares made in the last one year for consideration other than cash</td>
<td>Our Company has not issued any Equity Shares in the last one year for consideration other than cash.</td>
</tr>
<tr>
<td>Any split/consolidation of Equity shares in the last one year</td>
<td>Our Company has not split or consolidated the face value of the Equity Shares in the last one year.</td>
</tr>
</table>

SECTION II - RISK FACTORS

An investment in CCDs involves a high degree of risk. Investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our CCDs. The risks described below are not the only risks relevant to our Company's business, operations or our CCDs, but also to the industry and segments in which we operate or propose to operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our CCDs could decline, and investors may lose all or part of their investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 84, 76 and 269, respectively, as well as the financial, statistical and other information contained in this Draft Letter of Offer. In making an investment decision, investors and purchasers of the CCDs must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved. Potential investors and purchasers of CCDs should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue.

Prospective investors and purchasers of CCDs should pay particular attention to the fact that our Company is incorporated under the laws of India and are subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Draft Letter of Offer also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. For further information, see "Forward-Looking Statements" on page 10.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless otherwise indicated, the financial information included herein is based on our Restated Ind AS Consolidated Summary Statements included in this Draft Letter of Offer. For further information, see "Financial Information" on page 154.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report "Indian Fertiliser & Agri-Inputs Sector" published in August 2018 (the "ICRA Report") prepared and issued by ICRA Limited. Neither we, nor the Lead Manager, nor any other person connected with the Issue has independently verified this information. Unless otherwise indicated, all financial, operational, industry and other related information derived from the ICRA Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Risks relating to our business and operations

1. ***Our business is dependent on the performance of the agricultural sector in which such products are used.***

Our business is dependent on the performance of the agricultural sector in which these products are used. The performance of the agricultural sector and consequently the demand for our fertilisers and other products, is dependent on area under cultivation, soil quality, climatic conditions including dispersal of rains and adequacy of monsoon, adequacy of water levels in reservoirs, crop prices, and availability of credit to farmers which are beyond our control. Further, the demand for our fertilisers is dependent on the cropping pattern which may vary year on year for the major crops. Revenue from our fertiliser business contributed toward 99.3%, 98.8%, 99.1% and 99.2% of the total revenue for the six month period ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016. Any reduction in area under cultivation, adverse cropping pattern, climatic condition, erratic or inadequate monsoon and consequent scarcity of water or other developments affecting the performance of agricultural sector in which our products are used, may adversely affect our business, results of operations and financial condition.

2. ***The agricultural industry is highly seasonal in our country, which may adversely affect the demand for our fertilisers.***

Our business is seasonal. Farmers tend to apply fertiliser during two short application periods, the two major crop seasons in the country, i.e., *rabi* and *kharif*. The strongest demand for our products typically occurs during the planting season. In contrast, we generally produce our products throughout the year. As a result, we generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of fertiliser demand results in our sales volumes and net sales being highest during the two major crop seasons and our working capital requirements typically being highest just prior to the start of the agricultural season.

If seasonal demand exceeds our projections, we will not have enough product and our customers may acquire products from our competitors, which would negatively impact our profitability. If seasonal demand is less than we expect, we will be left with excess inventory that will have to be stored or liquidated.

The degree of seasonality of our business can change significantly from year to year due to conditions in the agricultural industry and other factors. As a consequence of our seasonality, we expect that our distributions will be volatile and will vary quarterly and annually.

For further details of our business, please see "*Our Business*" beginning on page 84.

3. ***The fertiliser industry is a highly regulated industry and any change/withdrawal of the subsidies granted by the Government may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.***

Subsidies comprised of ₹1,98,474.88 lakhs of the revenue for the six months ended September 30, 2018, ₹3,35,738.70 lakhs of the revenues for Fiscal 2018, ₹2,77,868.82 lakhs of our revenues for Fiscal 2017 and ₹3,68,288.46 lakhs of the revenues for Fiscal 2016. For further details on our subsidy income please refer "*Financial Information*" on page 154 of this Draft Letter of offer. Any change in the Government policies with respect to fertilisers covered under the subsidy scheme may affect our sales and profitability. Any delay in determination and receipt of subsidy from the Central Government may affect our business prospects, results of operations, cash flows and profitability.

4. ***The loss, shutdown or slowdown of operations at any of our manufacturing facilities, underutilisation of our manufacturing capacities or ability to adapt to technological changes may have a material adverse effect on our cash flows and results of operations.***

We manufacture our products at our seven manufacturing facilities in India. Our manufacturing facilities are subject to various operating risks, including the breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could adversely affect our operations by causing production at one or more of our facilities to cease or slow down. Capacity utilisation rates at our manufacturing facilities are subject to various factors including availability of raw materials, gas, power, water, efficient working of machinery and equipment and optimal production planning. We cannot assure that we will successfully implement new technologies effectively or adapt its systems to emerging industry standards. An inability to utilise our manufacturing facilities to their full or optimal capacity, non-utilisation of such capacities or inability to adapt to technological changes may adversely affect our results of operations and financial condition.

5. ***We rely significantly on our suppliers and if these suppliers fail to deliver necessary raw material and traded products of appropriate quality in a timely manner our operations may be disrupted.***

Our business depends significantly on our suppliers, who provide essential raw materials that we require to manufacture our products and to operate our business. We use a variety of raw materials in our business including rock phosphate, phosphoric acid, anhydrous ammonia and MOP. We also source Diammonium phosphate which is one of our traded products. We source materials and products from a limited number of suppliers. For the six months ended September 30, 2018 and Fiscal 2018, our top 10 suppliers of raw materials contributed 50.56% and 52.37%, respectively to our cost of raw material and components consumed. For the six months ended September 30, 2018 and Fiscal 2018, our top 10 suppliers of traded products contributed 71.83% and 76.40%, respectively to our purchases of traded goods. We cannot guarantee that we will be able to maintain uninterrupted access to these sources, or the price of such products, which in some cases may be affected by factors outside of our control and/or the control of our suppliers. This essentially exposes us to the risk of price fluctuations and if required to change the suppliers on account of price escalation, we may be subject to a variety of supply risks. In addition, prices for these raw materials fluctuate and while we seek to manage this exposure, we may not be successful in mitigating these risks. Furthermore, we have limited ability to monitor the financial stability of our suppliers.

We undertake procedures internally to ensure that we procure raw materials of the highest quality and from reputed and well known suppliers. Further, there can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in shortages or delays in their supplies to us. If our suppliers fail to provide essential raw material in a timely manner or at the level of quality necessary to manufacture our products or if we were to experience a significant or prolonged shortage of supplies from any of our suppliers, and are unable to procure the supplies from other sources, we would be unable to meet our production schedules/targets. In case of any such event, our sales, margins, operating results and/or our financial condition may adversely affected.

6. ***Any shortage or non-availability of electricity or gas may adversely affect our manufacturing processes and consequently our business, results of operations and financial condition.***

The manufacture of fertilisers requires substantial amounts of electricity. While our manufacturing facilities depend on the power supply by the respective power grids, we may face interruptions in the supply of power resulting from power shortages and as a result our operations may be adversely affected. Accordingly, we depend on power supplied by the State electricity boards, as well as power generated through power generators. Our Goa plant, for production of complex fertilisers, utilises a DG Set with an installed capacity of 6.5 MW, which is used for captive consumption as a backup to the primary connection with the electricity grid. Further, for our ammonia and urea plant, we use a steam turbine generator with an installed capacity of 8 MW for captive use. While in the past, we have not been affected by any major power interruptions, such interruptions could occur in the future as a result of any natural calamity, technical fault or power shortages beyond our control. Further, there can be no assurance that electricity supplied by the State electricity boards, and from generators will be sufficient to meet our requirements or that we will be able to procure adequate and uninterrupted power supply in the future at a reasonable cost. Lack of sufficient electrical power or an increase in the cost of such power could adversely affect our business and results of operation.

Additionally, gas is a major component which is used in the production of urea. Our Company sources gas from the GAIL India Limited ("**GAIL**"), for which we have entered into a long term supply agreement with GAIL. We depend on GAIL for uninterrupted supply of gas to continue our production of urea, and while in the past we have not been affected by any major supply disruptions, such interruptions could occur in the future as a result of factors beyond our control which could affect our production and manufacturing activity.

7. ***We source a significant proportion of our raw material requirement from foreign suppliers. Any fluctuations in the price, availability and quality of raw materials could cause delay and increase our costs.***

We are heavily reliant on foreign third-party suppliers for raw materials. Fluctuations in the price, availability and quality of the raw materials used by us in the manufacturing of our products could have a material adverse effect on our cost of sales. The prices for such product depend largely on the market prices for the raw materials used to produce them. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including import policies of our Government. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn, would have a material adverse effect on our margins and results of operations.

Our raw material suppliers may allocate their resources to service other clients ahead of us and we may also be adversely impacted by delays in arrival of shipments from foreign suppliers due to weather conditions at the loading or unloading port. While we believe that we can find additional vendors to supply raw materials, any failure of our suppliers to deliver these raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality.

Further, the prices of some of the raw materials like gas, naphtha, furnace oil have historically had a linkage with the price of crude. Any increase in crude prices leads to increase in the cost of raw materials, which is not reflected in the price of urea that we charge to our customers.

The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may continue to fluctuate in future. Depreciation of the rupee against foreign currencies may, thus, have an adverse effect on our Company's results of operations. We cannot assure that we will be able to mitigate fully the adverse impact of the fluctuations in exchange rates in terms of our cost of import and return on investment.

Importantly, any change in the policies by the countries, in terms of tariff and non-tariff barriers, from which our Company imports or intends importing raw materials will have an impact on our Company's profitability. While we seek to hedge our foreign currency exchange risk by entering into forward exchange contracts, any amounts that we spend or invest in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses that we may incur due to such fluctuations. Significant currency exchange rate fluctuations and currency devaluations could have an adverse effect on our results of operations and cash flows from period to period.

8. Environmental regulation may have a significant adverse impact on our business.

Our operations are subject to a variety of national, and state regulations relating to the protection of the environment, including those governing the emission or discharge of pollutants into the environment, storage, transportation, disposal and remediation of solid and hazardous waste and materials. Violations of these laws and regulations or permit conditions can result in substantial penalties, injunctive orders compelling installation of additional controls, civil and criminal sanctions, permit revocations or facility shutdowns.

In addition, new environmental laws and regulations, new interpretations of existing laws and regulations, increased governmental enforcement of laws and regulations or other developments could require us to make additional unforeseen expenditures. Many of these laws and regulations are becoming increasingly stringent, and the cost of compliance with these requirements can be expected to increase over time. These expenditures or costs for environmental compliance could have a material adverse effect on our results of operations, cash flows, financial condition and ability to make cash distributions.

Our business is subject to the occurrence of accidental spills, discharges or other releases of hazardous substances, such as ammonia, sulphuric acid or natural gas into the environment. Any spills from our manufacturing facilities or transportation of products or hazardous substances from our facility may give rise to liability (including strict liability, or absolute liability, and potential clean-up responsibility). For instance, we could be held strictly liable under the Public Liability Insurance Act, 1991, without regard to intent or whether our actions were in compliance with the law at the time of the spills. In the past, we have faced accidents pertaining to leakage of naphtha from the pipeline transporting the naphtha and ammonia from the port to our Goa plant due to negligence of a contractor not related to us. Any mishandling of hazardous substances by us could affect our business adversely and may impose liabilities on our Company. The potential penalties and clean-up costs for releases or spills, liability to third parties for damage to their property or exposure to hazardous substances, or the need to address newly discovered information or conditions that may require response actions could be significant and could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

Significantly, environmental laws and regulations on fertiliser end-use and application and numeric nutrient water quality criteria could have a material adverse impact on fertiliser demand in the future. Future environmental laws and regulations on the end-use and application of fertilisers could cause changes in demand for our products. In addition, future environmental laws and regulations, or new interpretations of existing laws or regulations, could limit our ability to market and sell our products to end users and such laws, regulations or interpretations could have a material adverse effect on our results of operations, financial condition and ability to make cash distributions.

9. Our Company is involved in an ongoing dispute with Mitsubishi Corporation in relation to our joint venture MCA Phosphates Pte. Limited ("MCAP"), which is currently subject to arbitration. Any adverse findings in relation to such dispute could have a negative impact on our results of operations, financial position and business.

In relation to MCAP, a joint venture in which our Company holds 30% shareholding and Mitsubishi Corporation, who hold the balance equity stake, and which in turn holds the entire equity stake in Fosfatos del Pacifico S.A. ("**FSA**"), a phosphate mining asset in Peru, our Company is involved in an ongoing dispute with Mitsubishi Corporation. This dispute is currently subject to arbitration. For further details see, "*Outstanding Litigations and Material Developments – Litigation Involving our Company – Litigation by our Company – Civil Proceedings*" on page 327. The subject matter of the dispute relates to certain impairments to the value of the investments in relation to the Peruvian phosphate mining asset recorded in the books of MCAP and our Company's stake in MCAP. Any adverse or unfavourable findings in this matter, may lead to our Company being required to write-off the value of its investment in MCAP and/or affect its shareholding in MCAP, which in turn could adversely affect the financial position of our Company and its business. Additionally, on account of the ongoing dispute, our Company has been unable to receive, requisite information, including financial information of MCAP in a timely manner, which has resulted in our statutory auditors, adding certain qualifications to their audit reports on our Special Purpose Interim Consolidated Ind AS Financial Statements as at and for the period ended September 30, 2018. No assurances can be made that going forward, such requisite information shall be received by our Company, in a timely manner or at all from MCAP.

10. The implementation of the Direct Benefit Transfer ("DBT") for fertiliser subsidies by the GoI may increase our working capital cycle along with increasing our borrowing costs.

The GoI has implemented DBT for fertiliser subsidies across the country. Unlike, the DBT for cooking gas wherein customers buy gas cylinders at market price and are later compensated with the subsidy amount by the GoI, in case of fertilisers, farmers continue to buy fertiliser from retailers at a subsidised rate and the transaction details are recorded on the point of sale ("**PoS**") machines by the retailers. The GoI shall then release the subsidy amount directly to producer, basis the data uploaded on the website by the retailers. Any instances of errors committed by retailers in logging of transactions or details of our Company's products through the PoS machines may result in our Company facing a delay in the receipt of the subsidy amount. Such delays of the subsidy amount may result in an increase in the working capital cycle and our Company's borrowing costs, which in turn may affect our cash flows, financial condition and results of operations.

11. There are outstanding litigations involving our Company, our Promoters, our Directors, our Subsidiaries and our Group Companies. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.

Our Company, its Subsidiaries, its Directors, its Promoters and its Group Companies are involved in certain legal proceedings, which are pending at varying levels of adjudication at different fora. The summary of the outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving our Company, its Subsidiaries, its Directors, its Promoters and cases involving its Group Companies (which may have a material impact on our Company). All such pending litigations, other than criminal proceedings, statutory or regulatory actions, taxation matters or matters involving our Group Companies which may have a material impact on our Company, are considered material if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of 1.00% of our Company's net profit (on a restated consolidated basis) or if an adverse outcome of any such litigation could materially and adversely affect our business, prospects, operations, financial position or reputation. The brief details of such outstanding litigation are as follows:

Sr. No.	**Name of Entity**	**Criminal Proceedings**	**Tax proceedings**	**Statutory/ Regulatory proceedings**	**Material civil litigation**	**Aggregate amount involved**[#] *(₹ in lakhs)*
1.	**Company**					
	Involving the Company	1	24	*Nil*	6	35,156.04
2.	**Subsidiaries**					
	Involving the Subsidiaries	*Nil*	14	*Nil*	2	10,311.59
3.	**Promoters**					
	Involving the Promoters	*Nil*	19	*Nil*	1	9,846.01
4.	**Directors**					
	Involving the Directors	*Nil*	1	*Nil*	1	6,283.88
5.	**Group Companies**					
	Involving the Group Companies	*Nil*	*Nil*	*Nil*	3	22,054.31
	Total	**1**	**58**	***Nil***	**13**	**83,651.83**

[#] *To the extent quantifiable and ascertainable.*

For further details, see *"Outstanding Litigation and Material Developments"* on page 327.

We cannot assure you that these legal proceedings will be decided in favour of our Company, its Subsidiaries, its Directors, its Promoters and/or its Group Companies, as the case may be, or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.

12. Our intellectual property rights may not be adequately protected against third party infringement.

We are the registered owners of certain trademarks including '*Jai Kisaan*' and '*Mangala*' in various classes. We have also applied for registration of various trademarks in relation to our products, such as '*Navratna*' in multiple classes. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of these trademarks or logos and our other intellectual property rights. Further, there can be no assurance that we will be granted the registration for such trademarks and logos and until such time any infringement of such mark may adversely affect our business. Further, we may not be able to protect our intellectual property rights against third party infringement and unauthorised use of our intellectual property including our brand on products which are not manufactured by us and which are of inferior quality, and which may adversely affect our brand value and consequently our business. The use of trade names or trademarks by third parties which are similar to our trade names or trademarks may result in confusion among customers and loss of business. In addition, any adverse experience of customers of such third-party products, or negative publicity attracted by such third-party products could adversely affect our reputation and brand and business prospects.

We may also be susceptible to claims from third parties asserting infringement and other related claims relating to trademarks and brands under which we sell our products. Any such claim could adversely affect our relationship with existing or potential customers, result in costly litigation and divert management's attention and resources. An adverse ruling arising out of any intellectual property dispute could subject us to liability for damages and could adversely affect our business, results of operations and financial condition.

13. *We utilise various properties on a leasehold/license basis and any termination of these leases/licenses and/or non-renewal could adversely affect our operations.*

Some of the properties used by us for our business are held on long term leasehold basis or on leave and license basis. The leases are long-term lease agreements where our Company has an option to terminate. If we are unable to renew any or all of these leases on commercially reasonable terms, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future (and may, to that extent, need to revise our raw material sourcing, product manufacturing and raw material and product inventory schedules and/or incur significant costs to relocate or expand our operations elsewhere). Further, any termination of these leases/ licenses whether due to any breach or otherwise, could adversely affect our business operations.

14. *An inability to expand or manage our distribution network for business or the loss of any significant dealer may adversely affect our business.*

We sell our products through a network of dealers and sub-dealers. As of September 30, 2018, we had a network of 12,162 dealers and 1,52,826 sub-dealers and 250 Jai Kisaan Junctions. The competition for dealers and sub-dealers is intense in our industry and many of our competitors continue to expand their distribution networks. There can be no assurance that we will be able to successfully expand, maintain or manage our large distribution network and strengthen our relationship with our significant dealers in the future. If we lose any of our dealers or sub-dealers to competitors, we may lose some or all favourable arrangements with such dealers or sub-dealers, and could result in weakening or termination of our relationships with other dealers and sub-dealers. Any loss of such significant dealer may adversely affect our business, results of operations and financial condition.

15. *We rely on third-party providers of transportation services, which subjects us to risks and uncertainties beyond our control that may have a material adverse effect on our results of operations, financial condition and ability to make distributions.*

We regularly use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our warehouses and dealers. For instance, we employ cost and freight shipping for the import of our raw materials and railways or road transport for transporting our finished goods. These transportation operations, equipment and services are subject to various hazards, including extreme weather conditions, work stoppages, delays, spills, derailments and other accidents and other operating hazards.

Continuing increases in transportation costs may have an adverse effect on our business and/or results of operations. Further, strikes by members of various transportation worker unions could have an adverse effect on our receipt of supplies and our ability to deliver our finished products. Any delay in our ability to transport our finished products as a result of these transportation companies' failure to operate properly, stringent regulatory requirements affecting such hazardous chemicals, or significant increases in the cost of these services or equipment could have a material adverse effect on our results of operations.

16. *Joint ventures that are not wholly owned by us present risks that we would not otherwise face.*

Our business and our strategy involves the use of joint ventures in which we do not own 100%, which bring risks that we would not otherwise face. In Fiscal 2012, our Company purchased from Zuari Industries Limited, now

Zuari Global Limited, a 50% stake in Zuari Maroc Phosphates Private Limited ("**ZMPPL**"). ZMPPL, a joint venture of our Company and Maroc Phospore S.A., Morocco, holds 80.45% of the equity shares of Paradeep Phosphates Limited ("**PPL**") and balance equity shares are held by GoI. Zuari Rotem Speciality Fertilisers Limited was formed on between Zuari Industries Limited, now Zuari Global Limited and Rotem Amfert Negev Limited. Thereafter, our Company purchased the 50% shares held by Zuari Industries Limited, now Zuari Global Limited in Zuari Rotem Speciality Fertilisers Limited. In 2015, our Company bought the entire shareholding of Zuari Rotem Speciality Fertilisers Limited and named it Zuari Speciality Fertilisers Limited. Hence, Zuari Speciality Fertilisers Limited became the 100 % subsidiary of ZACL. Thereafter, in 2017 pursuant to the Scheme of Amalgamation, ZSFL became a part of our Company. In Fiscal 2014, we purchased a 30 percent equity stake in MCA Phosphates Pte Limited ("**MCAP**") from Zuari Global Limited, which is a joint venture between our Company and Mitsubishi Corporation, Japan ("**Mitsubishi**"). MCAP in turn has acquired a 30 percent equity stake in Fosfatos del Pacifico, Peru ("**FDP**") which is developing a rock phosphate mine in Peru. For further details please refer "*Our Business*" on page 84. There are specific risks applicable to these joint ventures. Such risks include the risk of joint venture partners or other investors failing to meet their obligations under related joint venture or other agreements, conflicts with joint venture partners/ investors and the possibility of a joint venture partner/ investors taking valuable knowledge from us.

For instance, we have initiated arbitration proceedings against MCAP and Mitsubishi for alleged violation of the shareholder's agreement, amongst MCA, Mitsubishi and our Company. For further details please refer "*Outstanding Litigations and Material Developments- Litigation involving our Company*" on page 327.

17. ***Our Promoters are involved in an entity that may operate in similar lines of business as us and certain of our Directors are also on the board of directors of such entity. In the event of a conflict of interest, our Promoters and our Directors may favour the interests of such entity over our interests.***

Our Promoters, Zuari Global Limited and Texmaco Infrastructure and Holdings Limited are part of the promoters and promoter group of and hold shareholding in, Chambal Fertilisers & Chemicals Limited, which is involved in the business of manufacturing fertilizers. Further, our Directors, Saroj Kumar Poddar and Marco Philippus Ardeshir Wadia are also on the board of directors of Chambal Fertilisers & Chemicals Limited. While Chambal Fertilisers & Chemicals Limited is primarily involved in the business of manufacturing of Urea and in trading of DAP and MOP, we cannot assure you that Chambal Fertilisers & Chemicals Limited will not compete in business in which we are already present or will enter into in the future. Accordingly, we cannot assure you that business activities of Chambal Fertilisers & Chemicals Limited will not create a potential conflict of interest for our Promoters and/or our Directors. Due to such conflicts of interest, our Promoters and/or our Directors may make decisions which may favour the interests of the shareholders of Chambal Fertilisers & Chemicals Limited, which may adversely affect our business, results of operations and financial condition.

18. ***Our failure to obtain and renew compliance requirements and regulatory approvals required for our business may be detrimental for our business.***

Most governmental approvals required to run our manufacturing operations are valid for certain period and require regular renewals *inter alia* those required to be obtained under the Factories Act, 1948, the Air Prevention and Control of Pollution Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974, etc. These renewals are required in the ordinary course of business and are subject to compliances with various conditions stipulated in such approval/ licenses. In case our Company is unable to get its licenses and approvals renewed in time, the operation of the manufacturing facilities and marketing of the products may be hampered, which can affect its results of operations and financials. For further details, see "*Government and Other Approvals*" on page 333.

19. ***Our inability to meet the quality norms prescribed by the Government may be detrimental to our business.***

The Fertiliser (Control) Order, 1985, inter alia, regulates the quality of fertiliser products manufactured in India and such fertiliser products are subject to independent verification by Government agencies. Government agencies carry out surprise sample checking of fertilisers for their contents/nutrients. These samples are randomly selected at a manufacturer's warehouse, dealer's warehouse or retail outlets. In case, the content/nutrients in the sample does not comply with the quality norms prescribed by the Government, it could lead to issuance of show cause notices. For details of proceedings involving our Company, please see "*Outstanding Litigations and Material Developments*" on page 327. Any failure in relation to quality control could lead to the cancellation of registration granted to our Company for selling fertiliser products in one or more states.

20. We have incurred losses in recent past.

We have incurred losses in the past. For Fiscal 2016, our loss for the period as restated was ₹11,647.81 lakhs. Further for the six month period ended September 30, 2018 our profit for the period as restated was ₹2,308.17 lakhs. Although, our Company was profitable in Fiscal 2018, there can be no assurance that we will continue to operate profitably, or have the ability to declare and pay any dividends on the Equity Shares in the future. If our profits reduce or if we incur losses in the future, our business, financial conditions, and the value of the Equity Shares and CCDs could be adversely affected.

21. Our inability to accurately forecast demand or price for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

Our business depends on our estimate of the demand for our products from customers. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand and price for our products and accordingly plan our production volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all. In case we overestimate demand, we may incur costs to build capacity or purchase more raw materials and manufacture more products than required. In addition, our products have a shelf life of a specified period and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

22. Our major capital expenditure projects may not be completed as planned, may go beyond our original budgets or schedules, or may not achieve anticipated economic results or commercial viability.

As part of our business growth strategy, we have been undertaking and plan to undertake in the future a number of significant capital expenditure projects. For instance, among others, we are currently undertaking an integrated modernisation and energy efficiency programme of our Goa and Mangalore ammonia and urea manufacturing facilities. We are also undertaking debottlenecking of our complex fertiliser plants at Paradip for enhancement of production capacity. Our major capital expenditure projects generally require a significant amount of capital investment and time to complete.

Our planned projects could be delayed or otherwise adversely affected by a number of risks or uncertainties, including, among others, those relating to market conditions, policies and regulations of the country and other relevant jurisdictions, availability of sufficient funding, equipment suppliers and other contractors, employees, and local governments and communities, natural disasters, power and other energy supplies, availability of technical or human resources, or any other adverse changes.

In addition, before we commence many of our major capital expenditure projects, we typically conduct feasibility studies, which may require significant capital outlays. However, we cannot assure you that each of such planned projects will ultimately be implemented or generate any profits. Moreover, actual costs for our capital expenditure projects may exceed our original budgets as a result of various reasons such as delays in schedule, increases in funding costs due to volatilities in foreign exchange and interest rates, changes in original design, and increases in materials and other supplies or labour costs.

In addition, our major capital expenditure projects may not be able to achieve the anticipated economic results and commercial viability due to a variety of factors, including, for example, adverse changes in market conditions, industry downturns, change in government policies, low utilisation of capacity in respect of our manufacturing facilities, high construction and production costs, and decreased demand and prices for our products and services. If any of our major capital expenditure projects is not completed as planned, goes beyond our original budgets or schedules, or fails to achieve anticipated economic results or commercial viability, our business, results of operations, financial condition and growth prospects could be materially and adversely affected.

23. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition.

Over a period of time we have experienced growth in our operations. We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further. Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates or our inability to meet the expectations of our customers and other stakeholders could have an adverse effect on our business, results of operations and financial condition. We intend to continue expansion to pursue existing and potential market opportunities. Our future prospects will depend on our ability to grow our business and operations further. The development of such future business could be affected by many factors, including general political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates, price of equipment and raw materials, energy supply and currency exchange rates.

In order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Moreover, our ability to sustain our growth depends significantly upon our ability to select and retain key managerial personnel, maintaining effective risk management policies and training managerial personnel to address emerging challenges.

We cannot assure you that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have an adverse effect on our business and results of operations.

24. *We require various licenses and approvals for undertaking our businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect our operations.*

Our business operations are subject to various laws, the compliance of which is supervised by multiple regulatory authorities and government bodies. In order to conduct our business, we are required to obtain licenses, approvals, permits and consents. Further, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. Additionally, we incur significant expenditure in order to comply with such applicable laws and regulations. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be materially adversely affected. For further details of our licences and approvals, see "*Government and Other Approvals*" on page 333.

25. *We depend on sales in India, any decrease in which will adversely affect our business, revenue, results of operations and cash flows.*

Our sales are primarily in India. Existing and potential competitors may increase their focus on India, which could reduce our market share. For example, our competitors may intensify their efforts to capture a larger market share by incurring higher promotional expenses and launching aggressive promotional campaigns. If we are unable to compete effectively in India, it could adversely affect our sales volumes in India, as well as erode our market share. In the event that we experience adverse effects on our sales volumes or loss of market share, due to increased competition or otherwise, it could adversely affect our business, revenue, results of operations and cash flows.

26. *If we are not able to compete successfully against existing and new competitors, we may lose customers and market share as well as reduce our margins.*

The product segments in which we operate are mature and highly competitive in India, as a limited number of large manufacturers compete for consumer acceptance, Competition is based upon brand perceptions, product performance and innovation, customer service and price.

Our ability to compete effectively may be affected by factors such as:

- our competitors may have substantially greater financial, marketing, research and development and other resources and greater market share in certain segments than we do, which could provide them with greater scale and negotiating leverage with distributors, and suppliers;

- our competitors may have lower manufacturing, sales and distribution costs, and higher profit margins, which may enable them to offer aggressive retail discounts and other promotional incentives.

Any failure by us to compete effectively, including in terms of pricing or providing quality products, could have a material adverse effect on our business, results of operations and financial condition. Our ability to compete successfully will depend, in significant part, on our ability to reduce costs by such means as leveraging global purchasing, improving productivity, elimination of redundancies and increasing manufacturing at low-cost supply sources. If we are unable to compete successfully, our market share may decline, which may have a material adverse effect on our results of operations and financial condition.

27. ***The availability of spurious, look-alike and counterfeit products or a negative publicity of our products could lead to lost revenues and harm the reputation of our product and consequently our Company.***

We are exposed to the risk that entities in India and elsewhere could pass off their products as ours, including spurious or pirated products. For example, certain entities could imitate our brand name, or packaging material. There could also be attempts to show our products in bad light. These may lead to the reduction our market share, due to a decrease in demand for our products, due to which, we may not be able to recover our initial development costs or experience losses in revenues. It might also harm the reputation of our brands and consequently our Company. The proliferation of unauthorised copies of our products, and the time lost in defending claims and complaints regarding spurious products and in initiating appropriate legal proceedings against offenders who infringe our intellectual property rights could decrease the revenue we receive from our products and have a material adverse effect on our reputation, business, financial condition and results of operations.

28. ***Our Company does not own the trademark or corporate logo 'Adventz' and is permitted to use the same by Adventz Industries India Limited by way of a license agreement. Termination, non-renewal or renewal on unfavourable terms of this license agreement or any negative impact on the 'Adventz' brand may adversely affect our business, reputation, goodwill, financial condition and results of operations.***

The trademark and corporate logo 'Adventz' is registered with the Registrar of Trademarks in India in the name of our group company, Adventz Industries India Limited. The trademark was licensed to us for use by way of a Trademark License Agreement dated August 21, 2017, which expired on March 31, 2018 ("**Licence Agreement**"). The term of the agreement was extended to March 31, 2020 vide extension letter dated March 31, 2018. We cannot assure you that we will continue to have uninterrupted use of the trademark and corporate logo "Adventz", if we are unable to extend the Licence Agreement in the future. Also, any subsequent renewals of the Licence Agreement may be on terms and conditions that are unfavourable or unacceptable to our Company. Termination or withdrawal of the permission may adversely affect our business, reputation, goodwill, financial condition and results of operations. Further, certain of our group companies also use the "Adventz" trademark and corporate logo. If any of the actions of group companies negatively affect the "Adventz" brand, our reputation, business and financial condition may in turn be adversely affected.

29. ***Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.***

Majority of our employees including factory workers and contract labourers are also members of trade unions. In the past, we have faced labour unrest including strikes. In the event that we are unable to manage any labour related issues or negotiate any settlement with our employees on acceptable terms, it could result in strikes, work stoppages and increased operating costs as a result of higher than anticipated wages or benefits. In addition, such industrial disruptions or work stoppages may result in production losses and delays in delivery of products, which may adversely affect our business prospects, reputation, and results of operations.

In addition, the number of contract labourers employed by us varies from time to time based on requirements of our business operations. Our dependence on such contract labour may result in significant risks for our operations, relating to the availability and skill of such contract labourers, as well as contingencies affecting availability of such contract labour during peak periods in labour intensive sectors such as ours. There can be no assurance that we will have adequate access to skilled workmen at reasonable rates and in the areas in which we operate. As a result, we may be required to incur additional costs to ensure timely execution of our business objectives.

Further, we also depend on third party contractors for the provision of various services associated with our business. Such third party contractors and their employees/ workmen may also be subject to similar labour legislations. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such third party contractors to pay the labourers' wage payments. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, notified and enforced by the Central Government and adopted with such modifications as may be deemed necessary by respective State Governments, we may be required to absorb a number of such contract labourers as permanent employees. In the event of any non-compliance by contractors with statutory requirements, legal proceedings may also be initiated against us. These factors could adversely affect our business, financial position, results of operations and cash flows.

30. The product development cycle for our seed business is long.

Our product development cycle for seeds is long due to the various processes and testing that a product has to pass through before the decision for commercial production is taken. We spend a considerable amount of time and money in order to effectively market our product. These efforts may not necessarily result in our products being preferred by such customers. In such cases, we may have incurred substantial expenses on product development, which we may not be able to recoup.

31. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

We have obtained specialised insurance for manufacturing risks, statutory liabilities and third party liabilities. We could be held liable for accidents that occur at our manufacturing facilities or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of insurance coverage includes motor vehicle insurance, boiler and pressure facility insurance, standard fire and perils insurance, machinery breakdown insurance, directors and officers liability insurance, burglary first loss insurance, money insurance, public liability insurance and product liability insurance. Further, we also hold group personal accident insurance and workmen’s compensation insurance which covers employees working for our Company. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected. For further details on insurance arrangements, see *“Our Business – Insurance”* on page 95.

32. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

We are highly dependent on our Directors, key management and other personnel for setting our strategic business direction and managing our business. Our ability to meet continued success and face future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management, commercial and finance professionals in our industry is intense. The loss of the services of our Directors, key management or other personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

33. Conditions and restrictions imposed by our financing arrangements may restrict our ability to conduct our business and operations.

As of December 31, 2018, we had secured borrowings aggregating to ₹3,85,249.88 lakhs, and unsecured borrowings aggregating to ₹55,893.19 lakhs. We may in the future incur additional indebtedness in connection with our operations. Most of our loans are secured by way of hypothecation of current both present and future. Many of our financing agreements include various conditions and covenants restricting certain activities and certain transactions. Specifically, we may require, and may be unable to obtain, lender consents to sell or dispose assets charged, effect any major change in capital structure, undertake guarantee obligations, undertake new project or expansion, effecting any consolidations or mergers, make any significant change in management and permit any transfer of controlling interest.

Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements and may adversely affect our ability to conduct our business and operations or implement our business plans. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations.

34. Any failure of our information technology systems could adversely affect our business and our operations.

We have information technology systems that support our business processes, including product formulas, product development, sales, order processing, production, distribution and finance. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse effect to our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorised use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

35. Our ability to adopt new technology to respond to new and enhanced products poses a challenge in our business. The cost of implementing new technologies for our operations could be significant and could adversely affect our business, results of operations, cash flows and financial condition.

The industry in which we operate is subject to significant changes and rapid technological advancement, with the constant introduction of new and enhanced products. Our success will depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to our infrastructure, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our products less competitive or attractive. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our business, results of operations, cash flows and financial condition.

36. Certain of our Directors and Promoters are interested in our Company in addition to their remuneration and reimbursement of expenses.

Certain of our Directors and Promoters are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company and in relation to certain transactions entered into with our Promoters. We cannot assure you that such Directors or Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Post the completion of the Issue, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see *"Our Management – Interest of Directors"* and *"Our Promoters, Promoter Group – Interest in our Company"* on pages 123 and 140, respectively.

37. Certain of our Directors are related to entities from whom our Company has acquired land in the preceding five years.

Our Company has entered into certain agreements with Zuari Global Limited, one of our Promoters, to acquire certain parcels of land. For further details of such acquisitions of land, see "*Our Management – Interest in the properties of our Company*" on page 124. Saroj Kumar Poddar and Akshay Poddar, our Directors, are also part of the promoter and promoter group of Zuari Global Limited. Further, Saroj Kumar Poddar, Marco Philippus Ardeshir Wadia, Jayant Narayan Godbole and Narayanan Suresh Krishnan are common directors between our Company and Zuari Global Limited. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we might not have obtained more favourable commercial terms had such transactions not been entered into with entities with whom our directors are related or which are our Promoters.

38. ***Our Promoters and Promoter Group will continue to retain significant control in our Company after the completion of the Issue, which will allow them to influence the outcome of matters submitted for approval of our shareholders.***

As on December 31, 2018, our Promoters and Promoter Group collectively held approximately 65.04% of the total paid-up share capital of our Company. For further details see "*Capital Structure*" on page 51 of this Draft Letter of Offer. Accordingly, our Promoters will continue to exercise significant influence over and control the outcome of, matters requiring Board or shareholders' approval. Post completion of the Issue, our Promoters and Promoter Group will continue to exercise significant control or exert significant influence over our business and major policy decisions, including but not limited to control the composition of our Board, the right to approve significant actions at Board and at shareholders' meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association, and any assignment or transfer of our interest in any of our licenses, delay, defer or cause a change of our control or a change in our capital structure.

The interests of our Promoters and Promoter Group may conflict with your interests and the interests of our other shareholders, and our Promoters and Promoter Group could make decisions that may adversely affect our business operations, and hence the value of your investment in the CCDs and the resultant Equity Shares thereafter.

39. ***Any negative cash flows from operating activities in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.***

We have in the past experienced, and may in the future, experience negative cash flows from operating activities. The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods indicated:

(in ₹ lakhs)

Particulars	**For the six month ended September 30, 2018**	**For the year ended March 31,**		
		2018	**2017**	**2016**
Net cash flow from/(used in) operating activities	63,099.57	28,136.39	1,10,102.55	(87,152.51)

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further information, see "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 154 and 269.

40. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend on a number of factors including but not limited to our earnings, capital requirements, contractual obligations, results of operations, cash requirements, business prospects and any other financing arrangements, applicable legal restrictions and overall financial position of our Company. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. Our Board may also, from time to time, declare interim dividends from the profits of the Fiscal in which such interim dividend is sought to be declared. We may retain all future earnings, if any, for use in the operations and expansion of the business. Accordingly, realisation of a gain on shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value or that we will be able to pay dividends in the future. For details of dividend paid by our Company in the past, see *"Dividend Policy"* on page 153.

41. ***We have entered into certain related party transactions and may continue to do so in the future. Any related party transactions that are not on an arm's length basis may adversely affect our business, results of operation and financial condition.***

We have in the past entered into transactions with related parties, including for the purposes of purchase of raw materials, sale of finished goods, service charges, loans advanced, etc. For further information, see "*Related Party Transactions*" on page 152. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we might have obtained more favourable commercial terms had such transactions not been entered into with related parties. Further, we may enter into related party transactions in the future and such related party transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company.

For the six month periods ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016, the aggregate amount of transactions with related party transactions were ₹36,070.59 lakhs, ₹26,168.62 lakhs, ₹68,607.07 lakhs and ₹33,541.62 lakhs, respectively. The percentage of the aggregate value of such related party transactions to the revenue from operations in these periods were 8.07%, 3.55%, 10.60% and 4.39%, respectively. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

42. Our Company has availed of unsecured borrowing that is recallable by the lender at any time.

Our Company has availed certain unsecured borrowings that are recallable on demand by the lender. As of December 31, 2018, the total outstanding in relation to such borrowing was ₹55,893.19 lakhs. In such cases, the lender is empowered to require repayment of the facility at any point in time during the tenor of the loan. In case the loan is recalled on demand by the lender and our Company is unable to repay the outstanding amounts under the facility at that point, it would constitute an event of default under the relevant loan agreement, which may affect our creditworthiness, future availably of financing and the price of our Equity Shares. For further details, see "*Financial Indebtedness*" on page 324.

43. Some of our Group Companies have incurred losses in the last preceding fiscal, based on the last available audited financial statements.

Some of our Group Companies have incurred losses in the preceding fiscals, based on the respective Group Companies' last available audited financial statements. For further details, see "*Our Group Companies – Details of loss making Group Companies*" on page 148. We cannot assure you that our Group Companies will not incur losses in the future.

44. Certain secretarial and corporate records in connection with the Equity Shares held in abeyance are not traceable.

Zuari Global Limited has been unable to locate the copies of certain secretarial and corporate records, *inter alia*, in respect of the equity shares of held in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992. The details of such shares and the names of such shareholders have been determined by our Company, basis the records maintained by Zuari Global Limited. The Equity Shares issued by our Company pursuant to the Scheme of Arrangement and Demerger, to such shareholders have also been kept in abeyance based on information received from Zuari Global Limited. We have not been able to obtain copies of the relevant filings, and we cannot assure you that we or Zuari Global Limited will not be subject to any adverse action by a competent regulatory authority in this regard. For further details in relation to shares kept in abeyance, please see "*Capital Structure*" on page 51.

Risks Related to the CCDs and Equity Shares

45. Our Company may issue additional securities in the nature of foreign currency convertible bonds ("FCCBs") that upon conversion shall result into Equity Shares. Upon the issuance of additional Equity Shares of the Company or upon the exchange, exercise or conversion of securities exchangeable for, exercisable for or convertible into Equity Shares of the Company, your shareholdings in our Company may be diluted.

In December 2018, our Company, Zuari Global Limited and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. entered into an agreement for subscription of foreign currency convertible bonds in five series, for a principal amount of € 4,400,000 for each series aggregating to € 22,000,000 ("**Principal Amount**") at an issue price of 100% of the Principal Amount with specified interest rates and redemption terms along with a put and a call option, to finance the planned expansion and modernisation of our Company's fertiliser unit in Goa, India. For further details, see "*Management's Discussion and Analysis of Financial Condition and*

Results of Operations – Significant Developments after September 30, 2018" on page 319.

Pursuant to the terms of the agreement, the FCCBs if converted may result in the issuance of Equity Shares by our Company. Upon such issuance, the shareholdings of the Company's shareholders may be diluted, and the prevailing market price of the Company's Equity Shares could be depressed. Even prior to the time of the exchange, exercise or conversion, the perception of a significant market "overhang" could result from the existence of the Company's obligation to honour the exchange, exercise or conversion of these FCCBs. Further, restrictions levied on our Company pursuant to the terms and conditions of the agreement may not be in favour of the interests of the other shareholders of our Company.

46. *The CCD Holder will have no rights as shareholders until they acquire the Equity Shares upon conversion of the CCDs.*

Unless and until the CCD Holder acquires the Equity Shares upon conversion of the CCDs, the CCD Holder shall have no rights with respect to the Equity Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Equity Shares. CCD Holders who acquire rights pursuant to the conversion of the CCDs will be entitled to exercise the rights of holders of Equity Shares only as to actions for which the applicable record date occurs after the date of conversion of the CCDs to Equity Shares.

47. *The Equity Shares may experience price and volume fluctuations or an active trading market for the Equity Shares may not develop.*

The market price of the CCDs is expected to be affected by fluctuations in the market price of the Equity Shares and it is impossible to predict whether the price of the Equity Shares and the CCDs will rise or fall. The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new ventures, strategic partnerships, joint ventures, or capital commitments etc. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

Further, Indian securities markets may be more volatile than and not comparable to, the securities markets in certain countries with more developed economies and capital markets than India. Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges (including the BSE and the NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

48. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.*

Our Equity Shares are and our CCDs shall be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares or interest payment in respect of our CCDs will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our securities and returns on our Equity Shares, independent of our operating results.

49. *An active market for CCDs may not develop, which may cause the price of the CCDs to fall.*

The CCDs proposed to be issued by our Company by way of this Issue are a new class of securities of our Company for which, currently, there is no trading market. No assurance can be given that an active trading market for the CCDs will develop or as to the liquidity or sustainability of any such market, the ability of CCD holders to sell their CCDs or the price at which CCD holders will be able to sell their CCDs. If an active market for the CCDs fails to develop or be sustained, the trading price of the CCDs could fall. If an active trading market were to develop, the CCDs could trade at prices that may be lower than the initial offering price of the CCDs. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the CCDs. There can be no assurance that the markets for the CCDs, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of the CCDs.

50. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares or CCDs.*

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced events that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have, from time to time, restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar events occur in the future, the market price and liquidity of the CCDs or the Equity Shares could be adversely affected.

51. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a security-holder's ability to sell, or the price at which a security-holder can sell, Equity Shares or CCDs at a particular point in time.*

The Equity Shares issued upon conversion of the CCDs will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independent of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without the Company's knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot make any assurance regarding the ability of shareholders to sell the CCDs or the Equity Shares or the price at which shareholders may be able to sell their CCDs or Equity Shares.

52. *Economic developments and volatility in securities markets in other countries may cause the price of the CCDs and Equity Shares issued upon conversion of the CCDs to decline.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Further, the market price of the CCDs may be affected by fluctuations in the market price of the Equity Shares. Any decline in the price of the Equity Shares may have an adverse effect on the price and liquidity of the CCDs.

53. *Any future issuance of the Equity Shares may dilute your future shareholding and sales of the Equity Shares by the Promoter or other major shareholders of our Company may adversely affect the trading price of the Equity Shares and the CCDs.*

Any future equity issuances by our Company may lead to dilution of your future shareholding in our Company. Any future equity issuances by our Company or sales of the Equity Shares by the Promoter or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares of our Company.

Future issuances or the disposal of Equity Shares by any of the major shareholders of our Company or the perception that such issues or sales may occur may significantly affect the trading price of the CCDs and the Equity Shares. Except as otherwise stated in this Draft Letter of Offer, there is no restriction on our Company's ability to issue Equity Shares or the relevant shareholders' ability to dispose of their Equity Shares, and there can be no assurance that our Company will not issue Equity Shares or that any such shareholder will not dispose of, encumber, or pledge its Equity Shares.

54. *Changes in interest rates may affect the price of the CCDs.*

All securities where a fixed rate of interest is offered, such as the CCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and, when interest rates drop, the prices increase. The extent of a fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation, are likely to have a negative effect on the price of the CCDs.

55. *Holders of CCDs and Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.*

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the laws of the jurisdiction in which the investors are located in do not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdictions, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If our Company elects not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

56. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or the CCDs.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of securities of an Indian company are generally taxable in India. The Finance Act has now levied taxes on such long term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any equity shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold.

Further, any gain realized on the sale of listed securities held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the equity shares may be partially exempt or exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Risks Related to India

57. *We are subject to regulatory, economic and social and political uncertainties and other factors beyond our control.*

We are incorporated in India and we conduct a major portion of our corporate affairs and our business in India. Our Equity Shares are listed on the BSE and the NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares and the CCDs will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- political instability, terrorism, military conflict, epidemic or public health issues in India or in countries in the region or globally, including in India's various neighbouring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- instability in financial markets and volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.
- changes in India's tax, trade, fiscal or monetary policies;
- other significant regulatory or economic developments in or affecting India; and
- international business practices that may conflict with other customs or legal requirements to which we are subject to, including anti-bribery and anti-corruption laws; being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Moreover, a fall in the purchasing power of our customers, for any reason whatsoever, including rising consumer inflation and a slowdown in economic growth may have an adverse effect on our customers' revenues, savings and could in turn negatively affect their demand for our products. For instance, demonetization of ₹500 and ₹1,000 currency notes was announced in November 2016. The immediate impact of the announcement led to people depositing their cash in banks and the Indian economy was drained out of liquid cash for a brief period.

In addition, any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

58. *Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries including India suffered depreciation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures. Recent increase in the cost of crude oil also contributed to a severe depreciation of the Indian Rupee *vis-a-vis* the US Dollar. Additionally, rise in Indian imports and a corresponding decline in Indian exports led to an increase in India's trade deficit, which also resulted in weakening of the Indian Rupee *vis-a-vis* the US Dollar. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in the United

States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

59. *A slowdown in economic growth in India or political instability or changes in the Government in India could adversely affect our business.*

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

Further, our performance and the market price and liquidity of the Equity Shares and the CCDs may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, the market price and liquidity of the Equity Shares and the CCDs may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

60. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

The annual rate of inflation based on monthly wholesale price index was 2.76% (provisional) for the month of January 2019 (over January 2018) as compared to 3.80% (provisional) for the previous month and 3.02% during the corresponding month of the previous year. *(Source: Index Numbers of Wholesale Price in India, Review for the month of January 2019, published on February 14, 2019 by Ministry of Commerce and Industry, Government of India).* Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees, raw materials or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

61. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

Our operations may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations which may affect our business. Damage or destruction that interrupts our development could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our infrastructure. While our insurance policies for assets cover such natural disasters, such policies may not be adequate to cover the loss arising from these events, which could adversely affect our results of operations and financial condition and the price of our Equity Shares and our CCDs.

Additionally, India has from time to time experienced instances of civil unrest and terrorist attacks, regional or international hostilities or other acts of violence of war as well as other adverse social, economic and political events. These events could lead to political or economic instability in India and may adversely affect the Indian economy. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and the trading price of our Equity Shares and CCDs. Such incidents could also create a greater perception that investments in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of our Equity Shares and CCDs.

62. *A significant change in the Government's economic liberalisation and deregulation policies could disrupt our business.*

We are incorporated in India and derive most of our revenues in India, with substantially all of our assets located in India. Most of our customers are also located in India. Consequently, our performance, and the liquidity of the Equity Shares and the CCDs may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. In recent years, India has been following a course of economic liberalisation and our business could be significantly influenced by economic policies followed by the Government. Further, our businesses are also impacted by regulation and conditions in the various states in India where we operate. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally and our business in particular.

63. *Our business and activities may be regulated by the Competition Act, 2002 and proceedings may be enforced against our Company.*

The Competition Act, 2002 (the "**Competition Act**") seeks to prevent business practices that have a material adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause a material adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement that directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, or number of customers in the market is presumed to have a material adverse effect on competition in the relevant market in India and shall be void.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the effect of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

64. *The Indian tax regime is currently undergoing substantial changes which could adversely affect our Company's business.*

The regulatory environment in which we operate is evolving and is subject to change. The Government of India may implement new laws or other regulations that could affect the industry in which we operate, which could lead to new compliance requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations.

The Government has enacted the CGST, 2017 to lay a comprehensive national GST regime that combines taxes and levies by the central and state governments into a unified rate structure, which has been implemented with effect from July 1, 2017, and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, cess and surcharge and excise that were being collected by the central and state governments. As regards the general anti-avoidance rules ("**GAAR**"), the provisions of Chapter X-A (Sections 95 to 102) of the Income Tax Act, 1961, are applicable from assessment year 2019 (Fiscal 2018) onwards. The GAAR provisions intend to declare an arrangement as an "impermissible avoidance arrangement", if the main purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on economy cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

Further, the Government has issued a notification dated September 29, 2016 notifying a set of Income Computation and Disclosure Standards ("**ICDS**") that will be applied in computing taxable income and payment of income taxes thereon, effective from April 1, 2016. ICDS apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of "Profits and gains of business/profession" and "Income from other sources". The ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For instance, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations have the effect of requiring taxable income to be recognised earlier, increasing overall levels of taxation or both. Such regulatory/statutory changes could have an impact on our tax incidence.

65. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares and the CCDs.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then a prior approval from the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

Further, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further details, see "*Terms of Issue - Restriction on Foreign Ownership of Indian Securities*" on page 387.

66. Investors may not be able to enforce a judgment of a foreign court against us or our management.

Our Company is incorporated under the laws of India and majority of our Promoters, Directors and Key Management Personnel reside in India. Majority of our assets, and the assets of certain of our Promoters, Directors and Key Management Personnel, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of The Code of Civil Procedure, 1908 (the "**Civil Code**"). Further, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, you may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

67. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit ratings by international rating agencies may adversely affect our ability to raise additional overseas financing due to increased interest rates and stringent commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

SECTION III - INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Ind AS Consolidated Summary Statements. The Restated Ind AS Consolidated Summary Statements have been prepared, based on financial statements for the six months period ended September 30, 2018 and Fiscals 2018, 2017 and 2016. The Restated Ind AS Consolidated Summary Statements have been prepared in accordance with the Companies Act, Ind AS and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note.

The summary financial information presented below should be read in conjunction with our Restated Ind AS Consolidated Summary Statements, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 269.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(in ₹lakhs)

Particulars	**As at September 30, 2018**	**As at March 31,**		
		2018	**2017**	**2016**
Assets				
Non-current assets				
Property, plant and equipment	1,65,750.06	1,66,675.98	1,65,931.07	1,67,629.53
Capital work-in-progress	17,253.61	14,656.26	14,252.41	10,201.63
Investment property	362.29	362.29	362.29	362.29
Intangible assets	12,602.92	12,748.88	12,991.72	13,323.41
Intangible assets under development	-	-	19.34	15.02
Investment in joint ventures	89,778.87	85,878.71	80,273.42	75,469.55
Financial assets				
(i) Investments	4,364.80	6,257.61	7,630.75	-
(ii) Loans	1,269.72	1,244.32	1,190.34	1,278.21
(iii) Others	2,170.07	1,760.60	2,050.42	13,970.38
Deferred tax asset (net)	10,144.20	8,998.60	8,651.79	9,083.46
Other non-current assets	7,825.97	8,037.99	9,659.38	5,539.12
Income tax assets (net)	5,748.95	6,698.13	6,730.01	3,791.00
	3,17,271.46	**3,13,319.37**	**3,09,742.94**	**3,00,663.60**
Current assets				
Inventories	1,20,318.34	1,05,114.24	70,715.83	72,776.13
Financial assets				
(i) Trade receivables	3,31,220.33	3,39,990.46	3,43,896.94	4,02,319.03
(ii) Cash and cash equivalents	7,432.83	14,821.37	6,564.80	1,180.50
(iii) Bank balances other than (ii) above	4,079.73	2,129.50	666.18	731.25
(iv) Loans	1,230.47	848.77	2,369.63	2,246.00
(v) Others	32,731.17	20,256.40	18,848.72	13,481.34
Other current assets	27,737.34	31,752.37	4,556.01	4,296.77
	5,24,750.21	**5,14,913.11**	**4,47,618.11**	**4,97,031.02**
Total Assets	**8,42,021.67**	**8,28,232.48**	**7,57,361.05**	**7,97,694.62**
Equity and liabilities				
Equity				
Equity share capital	4,205.80	4,205.80	4,205.80	4,205.80
Other equity	1,44,624.84	1,43,879.72	1,32,143.29	1,26,696.78
Equity attributable to equity holders of the Group	**1,48,830.64**	**1,48,085.52**	**1,36,349.09**	**1,30,902.58**
Non-controlling interests	39,636.10	39,155.12	36,577.14	35,382.34
Total equity	**1,88,466.74**	**1,87,240.64**	**1,72,926.23**	**1,66,284.92**

Particulars	**As at September 30, 2018**	**As at March 31,**		
		2018	**2017**	**2016**
Non-current liabilities				
Financial liabilities				
(i) Borrowings	75,700.15	52,029.19	49,301.01	53,636.96
(ii) Others	246.82	541.84	1,745.47	1,333.29
Deferred tax liabilities (net)	1,790.59	1,402.71	1,659.54	1,109.30
Other non-current liabilities	93.81	102.34	119.40	136.68
Provisions	1,597.29	1,536.94	1,555.08	1,502.32
	79,428.66	**55,613.02**	**54,380.50**	**57,718.55**
Current liabilities				
Financial Liabilities				
(i) Borrowings	3,18,053.00	3,83,494.64	3,62,989.81	4,38,077.19
(ii) Trade payables				
a) total outstanding dues of micro enterprises and small enterprises	758.10	254.60	218.28	232.72
b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,09,896.34	1,44,966.17	1,05,525.34	86,673.94
(iii) Others	34,590.34	33,730.20	41,913.21	34,503.89
Liabilities for current tax (net)	1,479.54	1,476.04	9.10	0.98
Other current liabilities	6,165.37	18,178.96	15,926.11	10,921.75
Provisions	3,183.58	3,278.21	3,472.47	3,280.68
	5,74,126.27	**5,85,378.82**	**5,30,054.32**	**5,73,691.15**
Total liabilities	**6,53,554.93**	**6,40,991.84**	**5,84,434.82**	**6,31,409.70**
Total equity and liabilities	**8,42,021.67**	**8,28,232.48**	**7,57,361.05**	**7,97,694.62**

SUMMARY STATEMENT OF PROFIT AND LOSS

(in ₹ lakhs, except share data)

Particulars	For the six month period ended September 30, 2018	For the year ended March 31,		
		2018	2017	2016
Revenue				
Revenue from operations	4,44,015.56	7,27,971.20	6,41,549.58	7,58,164.36
Other income	2,947.36	8,713.76	5,635.12	6,233.51
Total revenue	**4,46,962.92**	**7,36,684.96**	**6,47,184.70**	**7,64,397.87**
Expenses				
Cost of raw material and components consumed	2,14,421.15	3,47,515.57	2,98,874.39	3,56,980.00
Purchases of traded goods	1,27,897.21	2,05,531.37	1,57,445.77	2,29,176.80
Changes in inventories of finished goods, traded goods and work in progress	(12,981.84)	(34,355.07)	1,138.42	7,260.69
Excise duty on sale of goods	-	608.17	2,997.25	2,945.88
Employee benefits expense	8,799.09	16,310.49	16,051.25	15,079.31
Finance costs	23,617.12	39,921.81	38,584.63	34,087.17
Depreciation and amortization expense	4,215.23	8,252.77	7,733.46	6,626.59
Other expenses	81,231.39	1,37,598.39	1,22,315.38	1,32,553.11
Total expenses	**4,47,199.35**	**7,21,383.50**	**6,45,140.55**	**7,84,709.55**
Profit/ (Loss) before share of profit of joint venture partner, exceptional items and tax	**(236.43)**	**15,301.46**	**2,044.15**	**(20,311.68)**
Add: Share of profit of joint venture partner	2,643.42	6,762.85	4,988.19	488.41
Profit/ (Loss) before exceptional items and tax	**2,406.99**	**22,064.31**	**7,032.34**	**(19,823.27)**
Exceptional items	-	2,555.30	-	178.34
Profit/ (Loss) before tax	**2,406.99**	**19,509.01**	**7,032.34**	**(20,001.61)**
Tax expense:				
Current tax/ (credit)	959.13	3,566.29	680.00	(4.64)
Deferred tax/ (credit)	(860.31)	(617.40)	925.46	(8,349.16)
Income tax expense	**98.82**	**2,948.89**	**1,605.46**	**(8,353.80)**
Profit/ (loss) for the period	**2,308.17**	**16,560.12**	**5,426.88**	**(11,647.81)**
Other comprehensive income/ (loss), net of tax	**(410.92)**	**(1,340.52)**	**1,214.43**	**(3,157.94)**
Items that will not be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plans	293.56	39.40	163.23	(1.96)
Income tax effect	(102.59)	(13.77)	(56.49)	0.68
Net (loss)/gain on FVTOCI financial instruments	(1,892.81)	(1,373.14)	1,292.02	(4,068.71)
Share of other comprehensive income (OCI) of joint venture (net of tax)	(91.39)	102.81	35.76	176.82
Items that will be reclassified to profit or loss				
Share of OCI of joint ventures (net of tax)	-	(159.67)	55.87	103.80
Exchange differences on translation of foreign operations	1,382.31	63.85	(275.96)	631.43
Total comprehensive income/(loss) for the period, net of tax	**1,897.25**	**15,219.60**	**6,641.31**	**(14,805.75)**
Profit/(loss) for the period				
Attributed to:				

Particulars	**For the six month period ended September 30, 2018**	**For the year ended March 31,**		
		2018	**2017**	**2016**
Equity holders of the Parent	1,277.95	13,696.28	4,237.08	(10,181.74)
Non controlling interest	1,030.22	2,863.84	1,189.80	(1,466.07)
Comprehensive income/(loss) for the period				
Attributed to:				
Equity holders of the Parent	(418.40)	(1,333.02)	1,209.43	(3,083.89)
Non controlling interest	7.48	(7.50)	5.00	(74.05)
Total comprehensive income/(loss) for the period				
Attributed to:				
Equity holders of the Parent	859.55	12,363.26	5,446.51	(13,265.63)
Non controlling interest	1,037.70	2,856.34	1,194.80	(1,540.12)
Earnings/ (Loss) per equity share: (nominal value of share ₹10)*				
(1) Basic (in ₹)	3.04	32.57	10.07	(24.21)
(2) Diluted (in ₹)	3.04	32.57	10.07	(24.21)

** EPS for the period ended September 30, 2018 is not annualised*

SUMMARY STATEMENT OF CASH FLOWS

(in ₹lakhs)

Particulars	**For the six month period ended September 30, 2018**	**For the year ended March 31,**		
		2018	**2017**	**2016**
Cash flow from operating activities				
Profit / (loss) before tax	2,406.99	19,509.01	7,032.34	(20,001.61)
Share of profit of a joint venture	(2,643.42)	(6,762.85)	(4,988.19)	(488.41)
Adjustments to reconcile profit before tax with net cash flows:				
Depreciation on property, plant and equipment	4,009.07	7,810.58	7,314.67	6,255.44
Amortization of intangible assets	206.16	442.19	418.79	371.15
Impairment of capital work in progress	367.17	-	-	-
Impairment of investments	-	1,161.76	-	-
Loss on disposal of property, plant and equipment (net)	301.40	735.76	115.66	393.26
Excess provision/ unclaimed liabilities/ unclaimed balances written back	(4.74)	(387.92)	(108.98)	(171.23)
Bad debts, claims and advances written off	-	173.01	216.26	66.03
Provision for doubtful debts, claims and advances	-	2,225.82	77.95	256.49
Provision for GST refund receivable	-	161.30	-	-
Subsidy claims written off	138.70	138.90	185.29	40.60
Profit on sale of current investments	-	-	(3.80)	(1.84)
Incentive under packing scheme incentive	(8.53)	(17.05)	(17.05)	(16.83)
Unrealized foreign exchange fluctuation loss/ (gain)	5,079.59	2,655.80	(1,216.56)	2,006.89
Interest expense	19,391.84	31,276.93	31,871.99	29,351.53
Interest income	(2,384.74)	(6,356.18)	(4,868.47)	(4,330.51)
Dividend income	(2.16)	(2.16)	-	(0.98)
Operating profit before working capital adjustments	**26,857.33**	**52,764.90**	**36,029.90**	**13,729.98**
Working capital adjustments:				
Increase/ (Decrease) in provisions	259.28	(173.01)	407.79	(2,043.24)
Increase/ (Decrease) in trade payables and other liabilities	50,448.08	33,777.36	22,816.27	(45,747.11)
Decrease/ (Increase) in trade receivables	8,631.43	2,935.28	58,158.85	(50,297.70)
Decrease/ (Increase) in inventories	(15,204.10)	(34,398.41)	2,060.30	6,024.29
(Increase) in other assets, financial assets	(7,472.03)	(25,901.82)	(5,882.09)	(6,931.36)
(Increase)/ Decrease in loans and advances	(413.97)	1,199.56	122.47	(46.95)
	36,248.69	**(22,561.04)**	**77,683.59**	**(99,042.07)**
Cash generated from/ (used in) operations	**63,106.02**	**30,203.86**	**1,13,713.49**	**(85,312.09)**
Less : Direct tax paid (net of refunds)	(6.45)	(2,067.47)	(3,610.94)	(1,840.42)
Net cash flow from/ (used in) operating activities (A)	**63,099.57**	**28,136.39**	**1,10,102.55**	**(87,152.51)**
Cash flow from investing activities:				
Purchase of property, plant and equipment, including intangible assets, CWIP and capital advances	(5,834.35)	(7,214.76)	(14,582.35)	(15,291.01)
Proceeds from sale of Property, plant and equipment	34.47	3.46	142.40	176.82
Purchase of non-current investments	-	-	(6,338.72)	(1,696.11)
Advance for purchase of investments received back	-	-	11,920.00	-
Purchase of current investments	-	-	(15,000.00)	(12,000.00)
Proceeds from sale/ maturity of current investments	-	-	15,003.80	12,001.84
Proceeds from/ (investment in) bank deposits (having original maturity of more than 3 months)	(1,155.14)	(1,588.50)	35.54	4,272.74
Purchase of investment in subsidiaries	-	-	-	(40,762.57)
Interest received	1,392.95	2,791.51	4,778.89	3,829.54
Dividend received	2.16	2.16	-	0.98
Net cash (used in) investing activities (B)	**(5,559.91)**	**(6,006.13)**	**(4,040.44)**	**(49,467.77)**
Net cash flow from financing activities:				
Proceeds from long term borrowings	31,501.85	34,239.63	12,298.74	56,065.03
(Repayment) of long term borrowings	(8,104.80)	(34,699.01)	(11,629.94)	(14,947.70)
Proceeds from buyer’s credit	10,079.02	2,19,741.41	3,14,595.82	4,46,811.30

Particulars	**For the six month period ended September 30, 2018**	**For the year ended March 31,**		
		2018	**2017**	**2016**
(Repayment) of buyer's credit	(99,083.28)	(2,47,338.09)	(3,84,181.38)	(3,62,336.20)
Proceeds from short term loans	2,14,701.23	3,09,985.00	3,30,460.03	27,806.28
(Repayment) of short term loans	(2,45,891.97)	(3,06,316.00)	(3,09,571.06)	(18,497.52)
Proceeds from/ (repayment) of other short term borrowings (net)	52,126.98	42,842.32	(20,218.88)	32,487.54
Dividend paid on equity shares	(1,185.15)	(698.94)	-	(1,175.19)
Dividend distribution tax paid	(114.43)	(206.25)	-	(316.00)
Interest paid	(18,957.65)	(31,423.76)	(32,431.14)	(29,642.65)
Net cash (used in) in financing activities (C)	**(64,928.20)**	**(13,873.69)**	**(1,00,677.81)**	**1,36,254.89**
Net (decrease)/increase in cash and cash equivalents (A+B +C)	**(7,388.54)**	**8,256.57**	**5,384.30**	**(365.39)**
Cash and cash equivalents at the beginning of the period	14,821.37	6,564.80	1,180.50	659.96
Add: Net cash of other group companies on acquisition	-	-	-	885.93
Cash and cash equivalents at the end of the period	**7,432.83**	**14,821.37**	**6,564.80**	**1,180.50**

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with more detailed information in section titled "*Terms of the Issue*" beginning on page 349.

CCDs being offered by the Company pursuant to the Issue	Up to [●] CCDs
Rights Entitlement	[●] CCD(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●]
Face Value/Issue Price per CCD	₹[●] per CCD
Issue Size	Up to ₹50,000 lakhs
Interest on CCDs	[●]% per annum payable [●]
Conversion Price of CCDs	₹[●] per Equity Share. The CCDs will compulsorily and automatically convert into [●] Equity Share(s) without any further act or payment on part of the CCD holders in accordance with the terms of the CCDs. The Issue Price payable at the time of subscription of the CCDs will include the conversion price at which the Equity Shares will be issued and allotted upon conversion of the CCDs
Conversion Date for CCDs	Each CCD is compulsorily and automatically convertible into [●] Equity Share at ₹[●] per Equity Share upon expiry of [●] months from the date of Allotment
Equity Shares outstanding prior to the Issue (1)	4,20,58,006 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement) (2)	[●] Equity Shares
Terms of the Issue	For further details, see "*Terms of the Issue*" on page 349 of this Draft Letter of Offer.
Use of Issue Proceeds	For details, see "*Objects of the Issue*" on page 61 of this Draft Letter of Offer.

(1) *Pursuant to the Scheme of Arrangement and Demerger, our Company issued 2,94,40,604 Equity Shares aggregating to ₹2,944.06 lakhs to the then existing shareholders of Zuari Global Limited, in the ratio of 1:1, i.e., for every one fully paid up equity share held in Zuari Global Limited, one Equity Share of our Company was allotted. 8,051 equity shares of Zuari Global Limited, were kept in abeyance pursuant to Section 206A of the Companies Act, 1956, in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc. In this regard, certain corporate records of Zuari Global Limited are not traceable, and consequently, the details of shareholders of such equity shares held in abeyance have been determined on the basis of the records available with Zuari Global Limited. The 8,051 Equity Shares issued by our Company pursuant to the Scheme of Arrangement and Demerger to such shareholders have also been kept in abeyance based on information received from Zuari Global Limited. For further details, see "Risk Factors – Certain secretarial and corporate records in connection with the Equity Shares held in abeyance are not traceable" on page 29.*

(2) *Assuming no further issuance or buyback of Equity Shares by our Company after the date of this Draft letter of Offer other than the issuance of Equity Shares pursuant to conversion of the CCDs.*

Terms of payment

The full amount is payable on application.

Due Date	**Amount**
On Application of the Issue (i.e., along with the CAF)	₹[●] per CCD, which constitutes 100% of the Issue Price payable.

GENERAL INFORMATION

Our Company was incorporated as 'Zuari Holdings Limited', a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated September 10, 2009 issued by the RoC and received a certificate of commencement of business from the RoC on December 31, 2009.

Subsequently, our Company and Zuari Industries Limited (now known as Zuari Global Limited) and their respective shareholders and creditors filed the Scheme of Arrangement and Demerger. Pursuant to the Scheme of Arrangement and Demerger, the fertilizer undertaking of Zuari Global Limited was transferred and vested in our Company. The appointed date for the Scheme of Arrangement and Demerger was July 1, 2011 and subsequent to its approval by the High Court of Bombay at Goa vide its order dated March 2, 2012, the provisions of the Scheme of Arrangement and Demerger were applicable from July 1, 2011.

Thereafter, pursuant to the Scheme of Arrangement and Demerger, the name of our Company was changed to its present name 'Zuari Agro Chemicals Limited', pursuant to a fresh certificate of incorporation issued by the RoC on September 28, 2012. For further details regarding changes in the name and registered office of our Company, see "*History and Other Corporate Matters*" on page 107.

Further, the National Company Law tribunal, vide an order dated September 14, 2017, sanctioned the Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956, whereby Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Speciality Fertilisers Limited and their respective shareholders and creditors (together the "**Erstwhile Subsidiaries**") were amalgamated with our Company ("**Order**"). The appointed date for the Scheme of Amalgamation was April 1, 2015 while the effective date was November 13, 2017.

Corporate Identification Number: L65910GA2009PLC006177

RoC Registration Number: 006177

Registered Office of our Company

The address and certain other details of our registered office are as follows:

Zuari Agro Chemicals Limited
Jai Kisaan Bhawan,
Zuarinagar, Goa – 403 726
Telephone: +91 832 2592 180
Email: shares@adventz.com
Website: www.zuari.in

Corporate Office of our Company

Zuari Agro Chemicals Limited
5th Floor, Global Business Park,
Tower A, M.G. Road, Sector 26,
Gurugram – 122 002, Haryana
Telephone: +91 124 4827 800

Address of the Registrar of Companies

Our Company is registered with the RoC, which is situated at the following address:

Company Law Bhavan,
EDC Complex, Plot No. 21
Patto, Panaji, Goa – 403 001
Telephone: +91 0832 2438 617

Board of Directors

The following table sets out the details of the Board of Directors as on the date of this Draft Letter of Offer:

Name	Designation	DIN	Address
Saroj Kumar Poddar	Non-Executive Chairman	00008654	Poddar Niket, 2 Gurusaday Road, Ballygunge, Kolkata – 700 019
Sunil Sethy	Managing Director	00244104	601, Block 33, Heritage City, Gurugram – 122 002
Akshay Poddar	Non-Executive Director	00008686	Villa P-86 (W- Sub Meter), 394-Emirates Hill Third, Premise Number: 394997883, Post Office Box: 117809, Dubai
Narayanan Suresh Krishnan	Non-Executive Director	00021965	E-302, Central Park-1, Sector 42, DLF Golf Course Road, Gurugram – 122 009
Jayant Narayan Godbole	Independent Director	00056830	604/A, Cottage Land Co-Operative Housing Society, Plot 16/A, Sector 19/A, Nerul (E), Navi Mumbai - 400 706
Marco Philippus Ardeshir Wadia	Independent Director	00244357	Thakur Nivas, 173, Jamshedji Tata Road, Mumbai – 400 020
Gopal Krishna Pillai	Independent Director	02340756	D-241, Block-D, Sarvodaya Enclave, New Delhi - 110 017
Kiran Dhingra	Independent Director	00425602	House No. 83-C, Gancim Batim, Post Office Goa Velha, North Goa - 403 108, Goa

For brief profiles and further details in respect of our Directors, please see section titled "*Management*" on page 117.

Company Secretary and Compliance Officer

R. Y. Patil is the Vice President, Company Secretary and Compliance Officer of our Company. His contact details are as follows:

R. Y. Patil
Zuari Agro Chemicals Limited,
Jai Kisaan Bhawan,
Zuarinagar, Goa – 403 726
Telephone: + 91 83 2259 2431
Email: ryp@adventz.com

Investor Grievances

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, non-credit of Allotted CCDs in the respective beneficiary account or non-receipt of Refund Orders and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of CCDs applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.

Lead Manager to the Issue

JM Financial Limited

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400025
Maharashtra, India
Telephone: +91 22 6630 3030
Email: zuariagro.rightsissue@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri

SEBI Registration No.: INM000010361

Statement of responsibility of the Lead Manager

JM Financial Limited is the sole Lead Manager to the Issue. The details of responsibilities of the Lead Manager, is as follows:

S. No.	Activity
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.
2.	Drafting and design of the Letter of Offer, Abridged Letter of Offer, CAF, etc. and memorandum containing salient features of the Letter of Offer.
3.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, advertisement agencies, Credit Rating Agency; Monitoring Agency and Debenture Trustee.
4.	Drafting and approval of all publicity material including statutory advertisement, corporate advertisement, etc.
5.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and the SCSBs to get quick estimates of collection and advising the Company about the closure of the Issue, based on correct figures, finalisation of the basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs, etc.

Legal Counsel to the Issue

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841, Senapati Bapat Marg
Mumbai - 400 013
Telephone: +91 22 6636 5000
Facsimile: +91 22 6636 5050

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai – 400 083
Maharashtra, India
Telephone: +91 22 4918 6200
Email: zuariagro.rights@linkintime.co.in
Investor grievance e-mail: zuariagro.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No: INR000004058

Bankers to the Issue

[●]

Refund Banker to the Issue

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as Self Certified Syndicate Banks ("**SCSB**") for the ASBA process is provided on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. Further, details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above-mentioned link. On Allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights CCDs Allotted.

Please note that in accordance with the provisions of the ASBA Circular 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility, provided they fulfil the eligibility conditions laid down in the ASBA Circular 2009.

Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the ASBA Circular 2009). The Eligible Equity Shareholders are required to fill the ASBA Form and submit the same to their SCSB which in turn will block the amount as per the authority contained in the ASBA Form and undertake other tasks as per the specified procedure.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights CCDs applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors. For more details on the ASBA process, please refer to the details given in CAF and also please refer to the section titled "*Terms of the Issue*" on page 349.

Statutory Auditors of our Company

S. R. Batliboi & Co. LLP
2nd and 3rd Floor
Golf View Corporate Tower B
Sector-42, Sector Road
Gurugram – 122 002, Haryana
Telephone: +91 124 681 6000
Email: srbc@srb.in
Firm Registration Number: 301003E/E300005
Peer Review Number: 011170

Changes in the auditors

There has been no change in the statutory auditors during the three years immediately preceding the date of this Draft Letter of Offer.

Bankers to our Company

HDFC Bank Limited
4th Floor, Tower B,
Peninsula Business Park
Lower Parel
Mumbai 400 013
Tel.: +91 22 33958126
Email: mousom.mitra@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mousom Mitra

ICICI Bank Limited
ICICI Bank Tower
NBCC Place, Pragati Vihar,
Bhishma Pitamah Marg,
New Delhi – 110 003
Tel.: +91 11 4221 8433
Email: anshul.shrivastava@icicibank.com
Website: www.icicibank.com
Contact Person: Anshul Kumar Shrivastava

Induslnd Bank Limited
3rd Floor, Building 10-B,
DLF Cybercity,
Gurugram
Tel.: +91 124 474 9551
Email: shivan.bhardwaj@induslnd.com
Website: www.induslnd.com
Contact Person: Shivan Bhardwaj

State Bank of India
Industrial Finance Branch,
14th Floor, Jawahar Vyapar Bhawan,
1, Tolstoy Marg,
New Delhi - 110 001
Tel.: +91 11 2337 4606
Email: rm6.09601@sbi.co.in
Website: www.onlinesbi.com
Contact Person: Pravin Kumar Chandra

Yes Bank
48, Nyaya Marg,
Chanakyapuri,
New Delhi – 110 021
Tel.: +91 11 6656 9000
Email: sudhir.singla@yesbank.in
Website: www.yesbank.in
Contact Person: Sudhir Singla

Credit Rating

The issue of CCDs has been rated by [●] as [●] indicating [●]. For further details, see Annexure.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Monitoring Agency

A monitoring agency shall be appointed for monitoring the utilization of Net Proceeds, as the Issue Size exceeds ₹10,000 lakhs in accordance with Regulation 82 of the SEBI ICDR Regulations. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose the utilisation of the proceeds of the Issue under a separate head along with details, if any in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue in our balance sheet for the relevant Fiscal.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated February 19, 2019 from the Statutory Auditors namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor and in respect of their (i) examination report, dated February 8, 2019 on our Restated Ind AS Consolidated Summary Statements; (ii) their report dated February 18, 2019 on the 'Statement of Possible Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders and its material subsidiary under the applicable laws in India', included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

Underwriting

This Issue is not underwritten.

Debenture Trustee

Axis Trustee Services Limited
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West,
Mumbai – 400 028
Tel: +91 22 6230 0451
Email: debenturetrustee@axistrustee.com
Investor Grievance Email: complaints@axistrustee.com
Website: www.axistrustee.com
Contact Person: Krishna Kumari

Filing of this Draft Letter of Offer

This Draft Letter of Offer has been filed with the Securities and Exchange Board of India at:

Securities and Exchange Board of India
Western Regional Office
Unit No: 002, Ground Floor
SAKAR I, Near Gandhigram Railway Station
Opposite Nehru Bridge, Ashram Road
Ahmedabad 380 009, India

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under "*Terms of the Issue - Basis of Allotment*" on page 375.

CAPITAL STRUCTURE

The Equity Share capital of our Company, as of the date of this Draft Letter of Offer, is set forth below:

(In ₹, except share price data)

Particulars		Aggregate nominal value (in ₹)	Aggregate value at Issue Price* (in ₹)
A	**AUTHORISED SHARE CAPITAL**		
	122,500,000 Equity Shares of face value of ₹10 each	1,22,50,00,000	-
	34,500,000 Preference Shares of face value of ₹10 each	34,50,00,000	-
	Total	**1,57,00,00,000**	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** (1)		
	4,20,58,006 Equity Shares of face value of ₹10 each	42,05,80,060	-
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	Issue of upto [●] CCDs of ₹[●] each (2)	Upto [●]	Upto [●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	4,20,58,006 Equity Shares of face value of ₹10 each	42,05,80,060	-
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE AND AFTER CONVERSION OF CCDs AT CONVERSION PRICE**		
	[●] Equity Shares (3) of face value of ₹10 each	[●]	-
F	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	Nil	
	After the Issue and after conversion of CCDs at Conversion Price	[●]	

* *To be updated upon finalisation of the Issue Price.*

(1) *Pursuant to the Scheme of Arrangement and Demerger, our Company issued 2,94,40,604 Equity Shares aggregating to ₹2,944.06 lakhs to the then existing shareholders of Zuari Global Limited, in the ratio of 1:1, i.e., for every one fully paid up equity share held in Zuari Global Limited, one Equity Share of our Company was allotted. 8,051 equity shares of Zuari Global Limited, were kept in abeyance pursuant to Section 206A of the Companies Act, 1956, in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc. In this regard, certain corporate records of Zuari Global Limited are not traceable, and consequently, the details of shareholders of such equity shares held in abeyance have been determined on the basis of the records available with Zuari Global Limited. The 8,051 Equity Shares issued by our Company pursuant to the Scheme of Arrangement and Demerger to such shareholders have also been kept in abeyance based on information received from Zuari Global Limited. For further details, see "Risk Factors – Certain secretarial and corporate records in connection with the Equity Shares held in abeyance are not traceable" on page 29.*

(2) *The Issue was authorised by the Board of Directors on June 25, 2018, pursuant to Section 23, 62, 71, 179 of the Companies Act, 2013 and the Shareholders have pursuant to their resolution passed on August 3, 2018. In terms of the requirements of the SEBI Listing Regulations, our Company has intimated the Stock Exchanges regarding the resolution of the Board of Directors passed on June 25, 2018 through its letter dated June 25, 2018. The Board in its meeting held on February 8, 2019, amended certain terms of the Issue.*

(3) *The post-Issue paid-up equity share capital of our Company, after the conversion of CCDs at Conversion Price (assuming full subscription of the Issue), shall also include [●] Equity Shares to be kept in abeyance, as per the unclaimed Equity Shares of 8,051 and rights entitlement on such Equity Shares in the Issue.*

Notes to the Capital Structure

1. **History of the Share Capital of our Company**

   a) **The following is the history of the Equity Share capital of our Company:**

Date of allotment	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/Nature for allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
August 28, 2009	20,00,000	10	10	Cash	Subscription to the Memorandum of Association (1)	20,00,000	2,00,00,000
May 20, 2011	1,06,17,402	10	10	Cash	Preferential allotment (2)	1,26,17,402	12,61,74,020
April 13, 2012	2,94,40,604	10	-	Other than Cash	Allotment pursuant to the Scheme of Arrangement and Demerger (3)	4,20,58,006	42,05,80,060
Total	**4,20,58,006**					**4,20,58,006**	**42,05,80,060**

(1) *10 Equity Shares allotted to R. Y. Patil, 10 Equity Shares allotted to Naveen Kapoor, 10 Equity Shares allotted to Binayak Datta, 10 Equity Shares allotted to Balasaheb Kinekar, 10 Equity Shares allotted to Raju Patil, 10 Equity Shares allotted to Harshad Shah, 10 Equity Shares allotted to Nitin Kantak and 1,999,930 Equity Shares allotted to Zuari Investments Limited.*

(2) *6,411,601 Equity Shares allotted to Zuari Industries Limited (now known as Zuari Global Limited) and 4,205,801 Equity Shares allotted to Zuari Management Services Limited pursuant to preferential allotment.*

(3) *Pursuant to the Scheme of Arrangement and Demerger, our Company issued 2,94,40,604 Equity Shares aggregating to ₹2,944.06 lakhs to the then existing shareholders of Zuari Global Limited, in the ratio of 1:1, i.e., for every one fully paid up equity share held in Zuari Global Limited, one Equity Share of our Company was allotted. 8,051 equity shares of Zuari Global Limited, were kept in abeyance pursuant to Section 206A of the Companies Act, 1956, in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc. In this regard, certain corporate records of Zuari Global Limited are not traceable, and consequently, the details of shareholders of such equity shares held in abeyance have been determined on the basis of the records available with Zuari Global Limited. The 8,051 Equity Shares issued by our Company pursuant to the Scheme of Arrangement and Demerger to such shareholders have also been kept in abeyance based on information received from Zuari Global Limited. For further details, see "Risk Factors – Certain secretarial and corporate records in connection with the Equity Shares held in abeyance are not traceable" on page 29.*

b) Details of Equity Shares allotted for consideration other than cash:

Date of allotment	Name of allottees	Number of equity shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Reasons for allotment	Benefits accrued to our Company
April 13, 2012	Shareholders of Zuari Global Limited as on the record date*	2,94,40,604	10	-	Allotment pursuant to Scheme of Arrangement and Demerger	Avoidance of duplication of resources, systems, skills and process, reduction of overall cost, improvement of synergies, enabling the achievement of economies of scale, reduction in administrative costs entailed by the conduct of businesses through separate entities, provision of enhanced flexibility in funding of expansion plans, promotion of management efficiency and optimization of the resources.

**Pursuant to the Scheme of Arrangement and Demerger, 35,293 shareholders of Zuari Global Limited were allotted Equity Shares of our Company*

2. Our Company has not issued any Equity Shares out of revaluation reserves since its incorporation. Further, our Company has not revalued its assets since incorporation.

3. Our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Draft Letter of Offer.

4. Our Company has not issued any Preference Shares since incorporation.

5. Our Company does not have any stock option plan in place for its Directors or employees.

6. Our Company has not made any issue of specified securities at a price lower than the Issue Price during the preceding one year from the date of filing of this Draft Letter of Offer.

7. **Shares allotted in terms of any scheme approved under Section 391-394 of the Companies Act, 1956 or Section 230-232 of the Companies Act, 2013**

   Except 2,94,40,604 Equity Shares issued pursuant to the Scheme of Arrangement and Demerger, our Company has not allotted any Equity Shares in terms of any scheme approved under Section 391- 394 of the Companies Act, 1956 or Section 230-232 of the Companies Act, 2013.

   For further details of the Scheme of Arrangement and Demerger, see "*Capital Structure – Details of Equity Shares allotted for consideration other than cash*" and "*History and Other corporate matters – Details regarding acquisition of business/undertakings, mergers and amalgamation*" on page 52 and page 113, respectively.

8. **History of build-up of Promoters' shareholding**

As on the date of this Draft Letter of Offer, our Promoters collectively hold 2,39,82,385 Equity Shares, constituting, i.e., 57.02 % of the issued, subscribed and paid-up Equity Share capital of our Company. The details of the build-up of our Promoter's shareholding in our Company is as follows:

1. Zuari Global Limited (1)

Date of allotment/ transfer	**Nature of allotment/ Details of transfer**	**Number of Equity Shares**	**Nature of consideration**	**Face value (₹)**	**Issue / transfer price per Equity Share (₹)**	**Date when the Equity Shares were made fully paid-up**	**Percentage of the pre-Issue paid-up capital (%)**	**Percentage of the post-Issue paid-up capital* (%)**	**Percentage of pledged shares**
March 10, 2011	Transfer from Zuari Investments Limited	19,99,930	Cash	10	10	On allotment	4.76	[●]	Nil
	Transfer from R. Y. Patil & Zuari Investments Limited	10	Cash	10	10	On allotment	Negligible	[●]	Nil
	Transfer from Binayak Dutta & Zuari Investments Limited	10	Cash	10	10	On allotment	Negligible	[●]	Nil
	Transfer from Balasaheb Kinekar & Zuari Investments Limited	10	Cash	10	10	On allotment	Negligible	[●]	Nil
	Transfer from Naveen Kapoor & Zuari Investments Limited	10	Cash	10	10	On allotment	Negligible	[●]	Nil
	Transfer from Raju Patil & Zuari Investments Limited	10	Cash	10	10	On allotment	Negligible	[●]	Nil
	Transfer from Harshad Shah & Zuari Investments Limited	10	Cash	10	10	On allotment	Negligible	[●]	Nil
	Transfer from Nitin Kantak & Zuari Investments Limited	10	Cash	10	10	On allotment	Negligible	[●]	Nil
May 20, 2011	Preferential allotment	64,11,601	Cash	10	10	On allotment	15.24	[●]	Nil
Total		**84,11,601**					20	[●]	Nil

**Post conversion of CCDs into Equity Shares on Maturity Date*

(1) *Zuari Global Limited was previously known as Zuari Industries Limited and its name was changed pursuant to the Scheme of Arrangement and Demerger*.

2. Globalware Trading & Holdings Limited (“GTHL”)

Date of allotment/ transfer	**Nature of allotment/ Details of transfer**	**Number of Equity Shares**	**Nature of consideration**	**Face value (₹)**	**Issue / transfer price per Equity Share (₹)**	**Date when the Equity Shares were made fully paid-up**	**Percentage of the pre-Issue paid-up capital (%)**	**Percentage of the post-Issue paid-up capital* (%)**	**Percentage of pledged shares**
April 13, 2012	Allotment pursuant to Scheme of Arrangement and Demerger	70,12,000	Other than Cash	10	-	On allotment	16.67	[●]	Nil
December 23, 2016	Transfer from Coltrane Corporation Limited	4,79,750	Cash	10	226.50	N.A.	1.14	[●]	Nil
Total		**74,91,750**					17.81	[●]	Nil

**Post conversion of CCDs into Equity Shares after maturity period*

3. Zuari Management Services Limited (“ZMSL”)

Date of allotment/ transfer	**Nature of allotment/ Details of transfer**	**Number of Equity Shares**	**Nature of consideration**	**Face value (₹)**	**Issue / transfer price per Equity Share (₹)**	**Date when the Equity Shares were made fully paid-up**	**Percentage of the pre-Issue paid-up capital (%)**	**Percentage of the post-Issue paid-up capital* (%)**	**Percentage of pledged shares**
May 20, 2011	Preferential allotment	42,05,801	Cash	10	10	On allotment	10.00	[●]	Nil
May 16, 2013**	Open market acquisition by ZMSL	1,00,000	Cash	10	155.23	N.A.	0.24	[●]	Nil
June 7, 2013**	Open market acquisition by ZMSL	2,00,000	Cash	10	100.75	N.A.	0.48	[●]	Nil
June 7, 2013**	Open market acquisition by ZMSL	2,01,500	Cash	10	100.75	N.A.	0.48	[●]	Nil
August 7, 2013**	Open market acquisition by ZMSL	10,800	Cash	10	80.13	N.A.	0.03	[●]	Nil
August 7, 2013**	Open market acquisition by ZMSL	12,300	Cash	10	79.92	N.A.	0.03	[●]	Nil
August 8, 2013**	Open market acquisition by ZMSL	1,800	Cash	10	85.08	N.A.	Negligible	[●]	Nil
August 8, 2013**	Open market acquisition by ZMSL	4,300	Cash	10	84.93	N.A.	0.01	[●]	Nil
September 4, 2013**	Open market acquisition by ZMSL	75,000	Cash	10	90.22	N.A.	0.18	[●]	Nil
September 4, 2013**	Open market acquisition by ZMSL	85,000	Cash	10	89.90	N.A.	0.20	[●]	Nil
September 20, 2013**	Open market acquisition by ZMSL	1,82,408	Cash	10	85.20	N.A.	0.44	[●]	Nil
Total		**50,78,909**					12.08	[●]	Nil

**Post conversion of CCDs into Equity Shares on Maturity Date*

*** Date of the contract note has been assumed as the date of transfer*

4. Texmaco Infrastructure & Holdings Limited ("Texmaco")

Date of allotment/ transfer	Nature of allotment/ Details of transfer	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue / transfer price per Equity Share (₹)	Date when the Equity Shares were made fully paid-up	Percentage of the pre-Issue paid-up capital (%)	Percentage of the post-Issue paid-up capital* (%)	Percentage of pledged shares
April 13, 2012	Allotment pursuant to Scheme of Arrangement and Demerger	25,57,941	Other than Cash	10	-	On allotment	6.08	[●]	Nil
February 28, 2013**	Open market acquisition by Texmaco	1,30,000	Cash	10	187.97	N.A.	0.31	[●]	Nil
February 28, 2013**	Open market acquisition by Texmaco	1,30,000	Cash	10	187.97	N.A.	0.31	[●]	Nil
June 13, 2013**	Open market acquisition by Texmaco	71,250	Cash	10	109.27	N.A.	0.17	[●]	Nil
June 13, 2013**	Open market acquisition by Texmaco	1,10,934	Cash	10	109.26	N.A.	0.26	[●]	Nil
Total		**30,00,125**					7.13	[●]	Nil

*Post conversion of CCDs into Equity Shares on Maturity Date

** Date of the contract note has been assumed as the date of transfer

All the above Equity Shares were fully paid-up at the time of allotment or transfer, as the case may be. None of the Equity Shares held by our Promoters are pledged or otherwise encumbered, as on date of this Draft Letter of Offer.

9. **Details for subscription of Issue by Promoters and Promoter Group**

   Our Promoters and Promoter Group have undertaken vide letters dated February 18, 2019 (the "**Subscription Letters**") to subscribe, on their own account, to the full extent of their rights entitlement in the Issue. Accordingly, the rights entitlement of the Promoter and the Promoter Group in this Issue will be fully subscribed as set forth above. Our Promoters and Promoter Group have, vide the Subscription Letters undertaken to subscribe to the CCDs offered in the Issue that remain unsubscribed.

   Any such subscription for CCDs over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Our Promoters vide their Subscription Letters have confirmed that the subscription to CCDs in this Issue by the Promoters and members of the Promoter Group will not attract open offer requirements under the SEBI Takeover Regulations. Further, the allotment of Equity Shares of the Company pursuant to conversion of CCDs subscribed by the Promoters and other members of the Promoter Group of the Company in this Issue shall be exempt from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations since (A) the Promoters and Promoter Group shall be subscribing to the full extent of their rights entitlement in the Issue and (B) the Conversion Price of the CCDs shall not be higher than the ex-rights price of the Equity Shares determined in accordance with Regulation (10)(4)(b)(ii) of the SEBI Takeover Regulations and (C) the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. The date of acquisition for purposes of reporting requirements specified in Regulation 10(6) and Regulation 10(7) of the Takeover Regulations will be the date of conversion of the CCDs.

10. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

11. The Lead Manager and its respective associates (determined as per the definition of 'associate company' under the Companies Act, 2013 and as per definition of the term 'associate' under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares as on the date of this Draft letter of Offer. The Lead Manager and its respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.

12. **Shareholding of our Promoter Group**

    The members of our Promoter Group together hold 33,74,034 Equity Shares, which is equivalent to 8.02% of the total equity share capital of our Company.

13. **Shareholding pattern of our Company**

The table below presents the shareholding pattern of our Company as of December 31, 2018:

Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
							No of voting rights									
							Class - Equity	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
Promoters and Promoter Group (A)	16	2,73,56,419	-	-	2,73,56,419	65.04	2,73,56,419	2,73,56,419	65.04	-	-	-		11,96,767	4.37	2,73,56,419
Public (B)	38,413	1,47,01,587	-	-	1,47,01,587	34.96	1,47,01,587	1,47,01,587	34.96	-	-	-				1,43,51,859
Non-Promoter Non-Public (C)	-	-	-	-	-	0.00	-	-	0.00	-	-	-				-
Shares underlying DRs (C) (1)	-	-	-	-	-	0.00	-	-	0.00	-	-	-				-
Shares held by Employee Trusts (C) (2)	-	-	-	-	-	0.00	-	-	0.00	-	-	-				-
Total (A)+(B)+(C)	**38,429**	**4,20,58,006**	**-**	**-**	**4,20,58,006**	**100.00**	**4,20,58,006**	**4,20,58,006**	**100.00**	**-**	**-**	**-**		**11,96,767**	**2.85**	**4,17,08,278**

14. Shareholding of the directors of our corporate Promoters

Except as disclosed below, none of the directors of our corporate Promoters hold any Shares in our Company.

Sr. No.	Directors of our Promoters	Pre-Issue		Post-Issue	
		Number of Equity Shares held	Percentage of equity share capital (%)	Number of Equity Shares held*	Percentage of equity share capital** (%)
1.	Akshay Poddar	1,50,585	0.36	[●]	[●]
2.	Saroj Kumar Poddar*	1,79,406	0.41	[●]	[●]
3.	Jyotsna Poddar	21,621	0.05	[●]	[●]
4.	Marco Philippus Ardeshir Wadia	3,126***	Negligible	[●]	[●]
5.	Naveen Kapoor	50	Negligible	[●]	[●]

** 150,000 Equity Shares are held by Saroj Kumar Poddar in the capacity of a trustee of Saroj and Jyoti Poddar Holdings Private Trust*

***Post conversion of CCDs into Equity Shares on Maturity Date*

**** Including 315 Equity Shares jointly held by Marco Philippus Ardeshir Wadia with Ingrid M. Wadia*

15. Shareholding of our Directors and Key Managerial Personnel in our Company

(i) Except as disclosed below, none of the Directors of our Company hold any Equity Shares as on the date of this Draft Letter of Offer:

Name of Director	No. of Equity Shares	Percentage of the pre-Issue paid up share capital (%)	Percentage of the post-Issue paid up share capital (%)**
Saroj Kumar Poddar*	1,79,406	0.43	[●]
Akshay Poddar	1,50,585	0.36	[●]
Marco Philippus Ardeshir Wadia	3,126***	Negligible	[●]

** 150,000 Equity Shares are held by Saroj Kumar Poddar in the capacity of a trustee of Saroj and Jyoti Poddar Holdings Private Trust*

***Post conversion of CCDs into Equity Shares on Maturity Date*

**** Including 315 Equity Shares jointly held by Marco Philippus Ardeshir Wadia with Ingrid M. Wadia*

(ii) Except as disclosed below, none of the Key Managerial Personnel of our Company hold any Equity Shares as on the date of this Draft Letter of Offer:

Name of KMP	No. of Equity Shares	Percentage of the pre-Issue paid up share capital (%)	Percentage of the post-Issue paid up share capital (%)
R. Y. Patil	51	Negligible	[●]

**Post conversion of CCDs into Equity Shares on Maturity Date*

16. Major shareholders

The list of the major shareholders of our Company and the number of Equity Shares held by them is provided below:

a) The details of the Shareholders of our Company holding 1% or more of the paid-up Equity Share capital of our Company as on the end of the last week before date of this Draft letter of Offer is set forth below:

S. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
1.	Zuari Global Limited	84,11,601	20.00
2.	Globalware Trading & Holdings Limited	74,91,750	17.81
3.	Zuari Management Services Limited	50,78,909	12.08
4.	Texmaco Infrastructure & Holdings Limited	30,00,125	7.13
5.	Finquest Securities Private Limited - Client beneficiary a/c	16,24,400	3.86
6.	Adventz Finance Private Limited	14,24,201	3.39
7.	Life Insurance Corporation of India	13,50,526	3.21
8.	L&T Mutual Fund Trustee Limited- L&T India value fund	12,05,923	2.87

S. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
9.	New Eros Tradecom Limited	11,96,767	2.85
10.	Hypnos Fund Limited	7,92,400	1.88
11.	SIL Investments Limited	7,87,500	1.87
12.	General Insurance Corporation of India	5,65,972	1.35
13.	Pilani Investment and Industries Corporation Limited	4,34,000	1.03
14.	New India Assurance Company Limited	3,29,695	0.78
Total		**3,36,93,769**	**80.11**

Details as on February 15, 2019 being the date as on the end of the last week before the date of this Draft letter of Offer.

b) The details of the Shareholders of our Company who held 1% or more of the paid-up Equity Share capital of our Company ten days prior to the date of this Draft letter of Offer is set forth below:

S. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
1.	Zuari Global Limited	84,11,601	20.00
2.	Globalware Trading & Holdings Limited	74,91,750	17.81
3.	Zuari Management Services Limited	50,78,909	12.08
4.	Texmaco Infrastructure & Holdings Limited	30,00,125	7.13
5.	Finquest Securities Private Limited - Client beneficiary a/c	16,24,400	3.86
6.	Adventz Finance Private Limited	14,24,201	3.39
7.	Life Insurance Corporation of India	13,50,526	3.21
8.	L&T Mutual Fund Trustee Limited- L&T India value fund	12,05,923	2.87
9.	New Eros Tradecom Limited	11,96,767	2.85
10.	Hypnos Fund Limited	7,92,400	1.88
11.	SIL Investments Limited	7,87,500	1.87
12.	General Insurance Corporation of India	5,65,972	1.35
13.	Pilani Investment and Industries Corporation Limited	4,34,000	1.03
14.	New India Assurance Company Limited	3,29,695	0.78
Total		**3,36,93,769**	**80.11**

Details as on February 8, 2019, on account of February 9, 2019 being the date ten days prior to the date of this Draft letter of Offer, being a Saturday.

c) The details of the Shareholders of our Company who held 1% or more of the paid-up Equity Share capital of our Company one year prior to the date of this Draft letter of Offer is set forth below:

S. No.	Name of the Shareholder	No. of Equity Shares held	Percentage of the equity share capital (%)
1.	Zuari Global Limited	84,11,601	20.00
2.	Globalware Trading & Holdings Limited	74,91,750	17.81
3.	Zuari Management Services Limited	50,78,909	12.08
4.	Texmaco Infrastructure & Holdings Limited	30,00,125	7.13
5.	Adventz Finance Private Limited	14,24,201	3.39
6.	Life Insurance Corporation of India	13,50,526	3.21
7.	L&T Mutual Fund Trustee Limited- L&T India value fund	12,69,077	3.02
8.	New Eros Tradecom Limited	11,96,767	2.85
9.	SIL Investments Limited	9,08,000	2.16
10.	Finquest Securities Private Limited - Client beneficiary a/c	7,54,700	1.79
11.	General Insurance Corporation of India	5,65,972	1.35
12.	Pilani Investment and Industries Corporation Limited	4,34,000	1.03
13.	Hypnos Fund Limited	4,11,518	0.98
14.	New India Assurance Company Limited	3,29,695	0.78
15.	L&T Mutual Fund Trustee Limited- L&T Mid cap fund	2,12,602	0.51
16.	Mukul Mahavirprasad Agrawal Param Capital Research Private Limited	2,00,000	0.48
17.	Earthstone Holding (Two) Private Limited	1,98,225	0.47
18.	Shriram Insight Share Brokers Limited	1,97,137	0.47
19.	Akshay Poddar	1,50,585	0.36
20.	Saroj Kumar Poddar	1,50,000	0.36
Total		**3,37,35,390**	**80.23**

Details as on February 19, 2018, being the date one year prior to the date of this Draft letter of Offer.

d) ***The details of the Shareholders of our Company who held 1% or more of the paid-up Equity Share capital of our Company two years prior to the date of this Draft letter of Offer is set forth below:***

S. No.	**Name of the Shareholder**	**No. of Equity Shares held**	**Percentage of the equity share capital (%)**
1.	Zuari Global Limited	84,11,601	20.00
2.	Globalware Trading & Holdings Limited	74,91,750	17.81
3.	Zuari Management Services Limited	50,78,909	12.08
4.	SIL Investments Limited	32,08,000	7.63
5.	Texmaco Infrastructure & Holdings Limited	30,00,125	7.13
6.	Adventz Finance Private Limited	14,24,201	3.39
7.	Life Insurance Corporation of India	13,50,526	3.21
8.	New Eros Tradecom Limited	11,96,767	2.85
9.	L&T Mutual Fund Trustee Limited- L&T India value fund	12,05,923	2.87
10.	General Insurance Corporation of India	5,65,972	1.35
11.	Kotak Emerging Equity Scheme	4,62,376	1.10
12.	Pilani Investment and Industries Corporation Limited	4,34,000	1.03
	Total	**3,38,30,150**	**80.45**

**Details as on February 17, 2017, on account of February 19, 2017 being the date two years prior to the date of this Draft letter of Offer, being a Sunday.*

17. As on February 15, 2019, our Company had a total of 38,997 Shareholders.

18. The Issue being a rights issue of CCDs, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirement of minimum of promoter's contribution and lock-in are not applicable.

19. None of the members of our Promoter Group and/or directors of our Promoter and/or our Directors and their relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of this Draft Letter of Offer.

20. Our Company, our Directors and the Lead Manager have not entered into any buy-back, safety net and/or standby arrangements for purchase of specified securities of our Company, including the Equity Shares arising post conversion of the CCDs.

21. No person connected with the Issue, including but not limited to, our Company, the members of the Syndicate, our Directors, our Promoters or the members of the Promoter Group, or our Group Companies, shall offer in any manner whatsoever any incentive, whether direct or indirect, whether in cash or kind or services or otherwise to any person for making an application in the Issue, except for fees and/or commission for services rendered in relation to the Issue.

22. Neither the Promoter nor the members of the Promoter Group hold any CCDs as of the date of this Draft letter of Offer and no CCDs have been locked-in, pledged or encumbered.

23. The CCDs issued pursuant to the Issue shall be fully paid up at the time of Allotment and the Equity Shares allotted pursuant to conversion of CCDs, shall also be fully paid up at the time of conversion. Further, there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer. For further details on the terms of the Issue, see "*Terms of the Issue"* beginning on page 349.

24. Our Company has not made any public issue or rights issue of any kind or class of securities since the date of its incorporation.

25. As on the date of this Draft Letter of Offer, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares or any other right, which would entitle any person any option to receive Equity Shares.

26. Other than the issuance of the FCCBs, our Company shall not make any further issue of specified securities in any manner, whether by way of issue of bonus shares, preferential allotment, qualified institutional placement, rights issue or public issue or in any other manner which will/may affect the equity capital of our Company, during the period commencing from the filing of the Draft Letter of Offer with SEBI to the date on which the CCDs allotted pursuant to the Issue are listed or application moneys refunded on account of the failure of the Issue, as the case maybe. For further details, see "*Risk Factors - Our Company may issue additional securities in the nature of foreign currency convertible bonds ("FCCBs") that upon conversion shall result into Equity*

Shares. Upon the issuance of additional Equity Shares of the Company or upon the exchange, exercise or conversion of securities exchangeable for, exercisable for or convertible into Equity Shares of the Company, your shareholdings in our Company may be diluted” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations- Significant Developments after September 30, 2018*” on page 29 and page 319, respectively.

27. Other than the issuance of the FCCBs, our Company has no intention to alter the equity capital structure by way of split/consolidation of the denomination of the Equity Shares, or issue of specified securities on preferential basis or issue of bonus or rights or public issue of Equity Shares or qualified institutional placement or by a further public offer for a period of six months within the Issue Opening Date.

28. At any given time, there shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law.

29. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

30. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing this Draft letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of such transaction.

31. There are no financing arrangements whereby the members of our Promoter Group, the directors of our Promoters, our Directors and their relatives have financed the purchase by any other person of the CCDs, other than in the normal course of the business of the financing entity, during the period of six months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

32. The ex-rights price of the Equity Shares as per regulation 10(4)(b)(ii) of the Takeover Regulations is ₹[●].

33. The Promoters and members of our Promoter Group will not receive any proceeds from the Issue.

OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilised by our Company for financing the following objects:

1. prepayment and/ or repayment of all or a portion of certain outstanding borrowings availed by our Company (excluding interest); and

2. general corporate purposes, subject to applicable laws.

(collectively, referred to herein as "**Objects**")

The main objects and the objects incidental and ancillary to the main objects of our Memorandum of Association enables our Company to: (i) undertake our existing business activities; (ii) the activities undertaken for which loans were raised and which are proposed to be prepaid or repaid from the Net Proceeds; and (iii) to undertake activities for which funds earmarked towards general corporate purposes shall be used. Further, we confirm that the activities carried out till date are in accordance with the main object clause of our Memorandum of Association.

Net Proceeds

The details of the proceeds of the Issue are summarised in the table below:

(in ₹ lakhs)

Particulars	Estimated amount*
Gross proceeds of the Issue*	up to 50,000
(Less) Issue related expenses#	[●]
Net Proceeds	[●]

Assuming full subscription and Allotment of the Rights Entitlement.
 # To be finalised upon determination of the Issue Price and updated in the Letter of Offer prior to filing with the Stock Exchanges.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised towards the following Objects:

(in ₹ lakhs)

Objects	Amount
Prepayment and/ or repayment of all or a portion of certain outstanding borrowings availed by our Company	37,500
General corporate purposes*	[●]

To be determined upon finalisation of the Issue Price and updated in the Letter of Offer prior to filing with the Stock Exchanges. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purpose in accordance with the estimated schedule of deployment of funds set forth in the table below.

(in ₹ lakhs)

Particulars	Total estimated amount/expenditure*	Estimated Utilisation from Net Proceeds	Amount to be deployed from the Net Proceeds in Fiscal 2020
Prepayment and/ or repayment of all or a portion of certain outstanding borrowings availed by our Company	37,500	37,500	37,500
General corporate purposes	[●]	[●]	[●]*
Total Net Proceeds	**[●]**	[●]	**[●]**

To be determined upon finalisation of the Issue Price and updated in the Letter of Offer prior to filing with the Stock Exchanges. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

The Net Proceeds will first be utilized for the Objects as set out above. In case of a shortfall in raising the requisite capital from the Net Proceeds towards meeting the Objects, our management may explore alternate options, including utilisation of our internal accruals, issue of additional equity or further debt financing from existing or future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

The requirement and deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which are subject to change. The requirement and deployment of funds described herein has not been appraised by any bank or financial institution, or any other independent agency. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

In the event the Issue is not completed in Fiscal 2019, the estimated schedule of utilisation will be revised. Further, to the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned Objects of the Issue, as per the estimated schedule of utilisation specified above, our Company shall deploy the Net Proceeds in the subsequent Fiscals towards the aforementioned objects in accordance with applicable law. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds in accordance with applicable law

Details of the Objects of the Issue

1. Prepayment and/or repayment of all or a portion of certain outstanding borrowings availed by our Company

Our Company has entered into various financing arrangements from time to time with banks and other lenders. The borrowing arrangements entered into by our Company include borrowings in the form of terms loans, and fund-based and non-fund based working capital facilities. For details of our indebtedness, and related terms and conditions, see "*Financial Indebtedness*" on page 324.

We intend to utilise the Net Proceeds aggregating up to ₹37,500 lakhs towards repayment and/or pre-payment, in full or in part, of certain outstanding term loans and fund-based and non-fund based working capital facilities availed by our Company (as set forth below).

The selection of borrowings proposed to be repaid or prepaid out of the borrowings provided below, will be based on various factors, including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of, such conditions, (ii) receipt of consents or waivers for prepayment from respective lenders, the terms and conditions of such consents and waivers, and the levy of any prepayment penalties and the quantum thereof, (iii) provisions of any laws, rules and regulations governing such borrowings and presence of other onerous conditions, and (iv) other commercial considerations including, among others, the interest rate on the outstanding borrowing, the amount of the outstanding borrowing and the remaining tenor of the borrowing.

Given the nature of these borrowings and terms of repayment/prepayment, the aggregate outstanding amount may vary from time to time. Further, the amounts outstanding under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits. In the event, the aggregate outstanding amount under the specified working capital facilities, as mentioned below, were to be repaid in part or full or were or be refinanced or were to increase prior to filing the Letter of Offer with the Stock Exchanges, we may revise our utilisation of the Net Proceeds towards repayment of amounts under the working capital facilities, subject to compliance with the SEBI ICDR Regulations, the Companies Act, and other applicable laws.

The prepayment and/or repayment will reduce our outstanding indebtedness and future debt servicing costs and therefore will assist us in maintaining a favourable debt-equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. Additionally, we believe that this would improve our ability to raise further borrowings in the future in order to fund the growth of our business. Payment of prepayment penalties, if any, shall also be made out of the Net Proceeds. In the event that the Net Proceeds are insufficient for the said payment of prepayment penalty, such payment shall be made from our internal accruals.

The following table sets forth details of certain borrowings availed by our Company, vide consortium borrowings, on a standalone basis, out of which our Company may prepay or repay, all or a portion of, any or all of the borrowings, to the extent of an aggregate amount of ₹37,500 lakhs:

Name of the lender	**Nature of borrowing**	**Amount sanctioned (in ₹ lakhs)**	**Principal amount outstanding as on September 30, 2018 (in ₹ lakhs)** **	**Rate of interest (% p.a.)**	**Purpose**	**Pre-payment penalty**
State Bank of India	Working Capital facility	25,000	20,343.62	3.75% above one-year MCLR*, with annual reset based on annual reset date of March 22, 2018	Working capital	Nil
Canara Bank	Working Capital facility	30,000	24,960.34	Open cash credit/Overdraft against book debts: One-year MCLR*+1%	Working capital	Nil
IDBI Bank	Working Capital facility	4,500	2,432.81	Cash credit: 1-year MCLR*(Y) plus 195 bps payable monthly WCDL: Subject to decision at the time of drawing down	Working capital	Nil
Bank of Baroda	Working Capital facility	20,000	16,852.36	Cash credit:3.15% over one-year MCLR* + strategic premium, with monthly rests, to be serviced as and when applied WCDL: 3.15% over tenor linked MCLR* + strategic premium, with monthly rests, to be serviced as and when applied	Working capital	Nil
Total		**79,500**	**64,589.13**			

MCLR – Marginal Cost of funds-based lending rate

** *Our Company has complied with the requirement of Clause 9(A)(2)(b) of Schedule VI of the SEBI ICDR Regulations.*

*** *Payment of prepayment penalties, if any, shall also be made out of the Net Proceeds. In the event that the Net Proceeds are insufficient for the said payment of prepayment penalty, such payment shall be made from our internal accruals.*

In due course of business, due to various operational benefits, our Company may explore possibilities of other banks and financial institutions participating in existing loans either in full or in part, including the borrowings mentioned above. Some of our financing agreements provide for the levy of prepayment penalties. Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing arrangements, the amount of such prepayment penalties shall be paid out of the Net Proceeds. In the event that the Net Proceeds are insufficient for the said payment of prepayment penalty, such payment shall be made from our internal accruals.

In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are prepaid or repaid, refinanced or further drawn-down prior to the completion of the Issue, we may utilise Net Proceeds of the Issue towards prepayment or repayment of such additional indebtedness availed by us, details of which shall be provided in the Letter of Offer at the time of filing the same with the Stock Exchanges. However, the quantum of the Net Proceeds that will be utilized for prepayment or scheduled repayment of the loans shall not exceed ₹37,500 lakhs.

2. *General corporate purposes*

The Net Proceeds will first be utilised for the Object as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds towards general corporate, as approved by our management from time to time, subject to such utilisation for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of the Board, shall have the flexibility in utilising surplus amounts, if any.

Such general corporate purposes may include, but are not restricted to, the following:

(i) strategic initiatives;
(ii) funding growth opportunities;
(iii) strengthening marketing capabilities and brand building exercises;
(iv) meeting ongoing general corporate contingencies;
(v) meeting fund requirements of our Company, in the ordinary course of its business;
(vi) meeting expenses incurred in the ordinary course of business; and
(vii) any other purpose, as may be approved by the Board, subject to compliance with applicable law.

Means of Finance

We propose to fund the requirements of the following Objects entirely from the Net Proceeds:

1. prepayment and/or repayment of all or a portion of certain outstanding borrowings availed by our Company; and
2. general corporate purposes.

Accordingly, we confirm that paragraph 9(C) of Part A of Schedule VI of the SEBI ICDR Regulations (which requires firm arrangements of finance to be made through verifiable means towards at least 75% of the stated means of finance for the project proposed to be funded from issue proceeds, excluding the amount to be raised through the Issue) does not apply.

Issue Related Expenses

The total expenses of the Issue are estimated to be ₹[●] lakhs. The break-up for the Issue expenses is as follows:

Activity	Estimated amount (in ₹ lakhs) (1)	As a % of total estimated Issue expenses (1)	As a % of Issue size (1)
Fees payable to:			
Lead manager(s) fees including underwriting commission	[●]	[●]	[●]
Brokerage, selling commission and upload fees	[●]	[●]	[●]

Activity	Estimated amount (in ₹ lakhs) [(1)]	As a % of total estimated Issue expenses [(1)]	As a % of Issue size [(1)]
Registrars to the Issue	[●]	[●]	[●]
Legal counsel to the Issue	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Regulators including stock exchanges	[●]	[●]	[●]
Printing and distribution of issue stationary	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Miscellaneous	**[●]**	[●]	[●]
Total estimated Issue expenditure	**[●]**	[●]	[●]

(1) Assuming full subscription and Allotment of the Rights Entitlement. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.

Interim use of Net Proceeds

Our Company, in accordance with the policies of established by the Board, from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds in deposits with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration. Such investments will be approved by our Board from time to time. Our Company confirms that it shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties. Additionally, in compliance with Regulation 66 of the SEBI ICDR Regulations, our Company confirms that it shall not use the Net Proceeds for financing or for providing loans to or for acquiring shares of any person who is part of the Promoter Group or Group Companies. Further, our Company confirms that the borrowings proposed to be repaid from the Net Proceeds have not been utilised towards any payments, repayment/refinancing of any loans availed form the Promoter Group or Group Companies.

Bridge financing facilities and other financial arrangements

Our Company has not raised any bridge loans or entered into any other similar financial arrangements from/with any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

In terms of Regulation 82 of the SEBI ICDR Regulations, we have appointed [●] as the monitoring agency to monitor the utilisation of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such Fiscals, as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable Fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors of our Company. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net proceeds from the Objects, as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the Objects, as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency, in accordance with applicable law.

Other Confirmations

No part of the Net Proceeds will be utilised by our Company as consideration to our Promoters, members of the Promoter Group, Directors, Group Companies or Key Management Personnel. Our Company has not entered into nor is planning to enter into any arrangement/agreements with Promoters, members of the Promoter Group, Directors, Key Management Personnel or our Group Companies in relation to the utilisation of the Net Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects, as set out above.

BASIS OF ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of assessment of market conditions and on the basis of the following qualitative and quantitative factors. Some of the information presented in this section for six months period ended September 30, 2018 and Fiscals 2018, 2017 and 2016 are derived from the Restated Ind AS Consolidated Summary Statements.

The face value of the CCDs is ₹[●] per CCD and the Issue Price is [●] times the face value.

QUALITATIVE FACTORS

We believe that the following business strengths allow us to successfully compete in the industry:

1. We have a diversified product portfolio;
2. We have strategically located manufacturing facilities with strong tie-ups for raw-material;
3. We have a strong distribution network and marketing initiatives;
4. We have an established brand name; and
5. We have an experience and professional management team with a proven track record.

For details, see "*Our Business – Our Strengths*" on page 85.

QUANTITATIVE FACTORS

Some of the information presented in this section is based on the Restated Ind AS Consolidated Summary Statements of our Company. For more details on the financial statements, see "*Financial Information*" on page 154.

(a) Basic and Diluted Earnings Per Share ("EPS"):

Derived from Restated Ind AS Consolidated Summary Statements:

Period	**Basic and Diluted**	
	EPS (₹)	**Weight**
For Fiscal 2016	(24.21)	1
For Fiscal 2017	10.07	2
For Fiscal 2018	32.57	3
Weighted Average	15.61	
For the six months period ended September 30, 2018 (not annualised)	3.04	

Notes:

1. *Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules, 2015.*
2. *The ratios have been computed as below:*
   a) *Basic earnings per share = Net profit after tax attributable to equity shareholders/weighted average number of shares outstanding during the years/period.*
   b) *Diluted earnings per share = Net profit after tax attributable to equity shareholders/weighted average number of diluted shares outstanding during the year/period.*

(b) Price / Earning ("P / E") ratio in relation to the Conversion Price of ₹[●] per CCD:

Particulars	**P / E at the Conversion Price of the CCDs (no. of times)**
Based on basic EPS for Fiscal 2018	[●]
Based on diluted EPS for Fiscal 2018	[●]

(c) Return on Net Worth ("RoNW")

Derived from Restated Ind AS Consolidated Summary Statements:

Period	**RoNW (%)**	**Weight**
For Fiscal 2016	(7.78)	1
For Fiscal 2017	3.14	2
For Fiscal 2018	9.24	3
Weighted Average	**4.37**	
For the six months period ended September 30, 2018 (not annualised)	0.85	

The following table sets forth the computation of our RoNW:

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Equity share capital	4,205.80	4,205.80	4,205.80	4,205.80
Other equity	1,44,624.84	1,43,879.72	1,32,143.29	1,26,696.78
Less: FVTOCI Financial Instruments	(1,973.94)	(81.13)	1,451.68	103.79
Net worth (A)	**1,50,804.58**	**1,48,166.65**	**1,34,897.41**	**1,30,798.79**
Profit/ (loss) for the period (B)	1,277.95	13,696.28	4,237.08	(10,181.74)
RoNW % (B/A)	0.85	9.24	3.14	(7.78)

Notes:

1. *Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
2. *Return on net worth (%) = Restated profit after tax/ Restated net worth at the end of the year*

(d) Net Asset Value ("NAV") per Equity Share of face value of ₹10 each

Period	**Consolidated (in ₹)**
For Fiscal 2016	395.12
For Fiscal 2017	407.71
For Fiscal 2018	445.39
For the six months period ended September 30,2018	452.80
Conversion Price	[●]
Issue Price	[●]
After the Issue and conversion	[●]

The following table sets forth the computation of our NAV:

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Total Assets	8,42,021.67	8,28,232.48	7,57,361.05	7,97,694.62
Less: Total liabilities	6,53,554.93	6,40,991.84	5,84,434.82	6,31,409.70
Less: FVTOCI Financial Instruments	(1,973.94)	(81.13)	1,451.68	103.79
Net assets (A)	**1,90,440.68**	**1,87,321.77**	**1,71,474.55**	**1,66,181.13**
Total number of equity shares (B)	4,20,58,006	4,20,58,006	4,20,58,006	4,20,58,006
Total number of equity shares on dilutive basis (C)	4,20,58,006	4,20,58,006	4,20,58,006	4,20,58,006
Net asset value per share (Basic A/B) (INR)	452.80	445.39	407.71	395.12
Net asset value per share (Diluted A/C) (INR)	452.80	445.39	407.71	395.12

Notes:

1. *Net Asset Value (₹) = Net assets at the end of the year/period divided by Total number of weighted average equity shares outstanding at the end of the year/ period*
2. *Issue Price per CCD will be disclosed in the Letter of Offer*
3. *Net asset means total assets minus total liabilities excluding revaluation reserves.*

(e) ***Industry Peer Group P/E ratio***

Based on the peer group information (excluding our Company) given below in this section highest P/E ratio is 36.89, the lowest P/E ratio is 4.90, the average P/E ratio is 13.77.

1. *Given that there are no listed CCDs issued by any of the peer group entities, the below information is based on the information with respect to listed equity shares of such entities.*

2. *The highest and lowest Industry P/E shown above is based on the peer set provided below under "Comparison with listed industry peers". The industry average has been calculated as the arithmetic average P/E of the peer set provided below. For further details, see "Basis of Issue Price - Comparison with listed industry peers" hereunder.*

3. *For Industry P/E, P/E figures for the peers are computed based on closing market price as on February 15, 2019 at BSE, divided by Basic EPS (on consolidated basis) based on the annual reports of such companies for the Fiscal Year 2018. Since February 15, 2019 is the last Friday preceding the week of filing, it has been considered for the closing market price.*

Comparison with Listed Industry Peers

Name of the company	**Total revenue (₹ in million)**	**Face value per Equity Share (₹)**	**P/E**	**EPS (Basic) (₹)**	**RoNW (%)**	**NAV (₹)**
Zuari Agro Chemicals Limited	73,668.49	10.00	5.43	32.57	9.24	445.39
Gujarat State Fertilizers & Chemicals Limited	64,035.27	2.00	7.42	11.89	6.49	183.28
Rashtriya Chemicals & Fertilizers Limited	73,798.70	10.00	36.89	1.43	2.69	53.10
Gujarat Narmada Valley Fertilizers & Chemicals Limited	60,581.10	10.00	4.90	51.15	17.60	290.64
Mangalore Chemicals & Fertilizers Limited	27,047.50	10.00	5.86	5.11	12.69	40.28

Source: BSE

Note:

1. *All financials are on a consolidated basis for Fiscal 2018.*
2. *P/E ratio is calculated as closing share price (February 15, 2019 - BSE) / Basic EPS for year ended March 31, 2018. Basic EPS as reported in the relevant annual reports for Fiscal 2018. Since February 15, 2019 is the last Friday, preceding the week of filing, it has been taken for the closing share price.*
3. *Return on net worth (%) = Net profit/(loss) after tax / Net worth at the end of the year.*
4. *NAV (in ₹) = Net worth at the end of the year / Total number of equity shares outstanding at the end of the year.*

The Issue Price of ₹[●] has been determined by our Company, in consultation with the Lead Manager and is justified based on the above accounting ratios. Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Information*" on pages 16, 84, 269 and 154, respectively.

STATEMENT OF TAX BENEFITS

Statement of Possible Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders and its material subsidiary under the applicable laws in India

The Board of Directors
Zuari Agro Chemicals Limited
Jai Kisaan Bhawan
Zuarinagar
Goa - 403726

Dear Sirs,

Statement of Possible Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders and its material subsidiary, Mangalore Chemicals and Fertilisers Limited, under the Indian tax laws

1. We hereby confirm that the enclosed Annexures, prepared by Zuari Agro Chemicals Limited ('the Company'), provides the possible special tax benefits available to the Company and to the shareholders of the Company, as stated in Annexure 1 and 2, and its material subsidiary, Mangalore Chemicals and Fertilisers Limited ('the subsidiary company') as stated in Annexure 3, under:
    - the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2018 applicable for the Financial Year 2018-19 relevant to the Assessment Year 2019-20, presently in force in India (Statement-1); and
    - the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance Act 2018, i.e., applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20, presently in force in India

    Several of these benefits are dependent on the Company or its shareholders or its subsidiary company fulfilling the conditions prescribed under the relevant provisions of the Indian tax laws. Hence, the ability of the Company and / or its shareholders / or its subsidiary company to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders or its subsidiary may or may not choose to fulfil.

2. The benefits discussed in the enclosed statements are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these statements are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. We do not express any opinion or provide any assurance as to whether:
    (i) the Company or its shareholders or its subsidiary company will continue to obtain these benefits in future;
    (ii) the conditions prescribed for availing the benefits have been / would be met with; and
    (iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed statements are based on information, explanations and representations obtained from the Company and its subsidiary company and on the basis of their understanding of the business activities and operations of the Company and its subsidiary company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vishal Sharma
Partner
Membership Number: 96766

Place of Signature: Gurugram
Date: February 18, 2019

Annexure 1

Statement of Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders under the applicable laws in India

Outlined below are the special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ("the Act") as amended by the Finance Act 2018, i.e., applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20, presently in force in India.

I. Special tax benefits available to the Company

1. As per the provisions of Section 35AD of the Act, a company engaged in specified business (production of fertilizer in India) is entitled to a deduction of 100% of the capital expenditure incurred for the purpose of said business carried on by it during the previous year in which such expenditure is incurred by him, subject to fulfilment of prescribed conditions.

II. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

1. The above statement of special tax benefits is based on the tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.

4. In respect of non-resident shareholders, the tax rates and the consequent taxation, if any, shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

5. The above statement covers only above mentioned tax laws benefits and does not cover any indirect tax law benefits or benefit under any other law.

Annexure 2

Statement of Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders under the applicable laws in India

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance Act 2018, i.e., applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20, presently in force in India.

I. Special tax benefits available to the Company

1. As per the Heading 9801 of the Tariff Act read with the Project Import Regulations, 1986 made under section 157 of the Customs Act, a company engaged in initial setting up of a unit, or the substantial expansion of an existing unit of specified business (*inter-alia* including industrial plant) is entitled to avail the benefit of reduced rate of basic customs duty on the imports made for the purpose of said expansion, subject to fulfilment of prescribed conditions.

2. Authorized Economic Operator (AEO) is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and enhance international supply chain security and facilitate movement of legitimate goods across international borders.

   The Indian customs AEO programme is administered by the Central Board of Indirect taxes and Customs ("CBIC"). India AEO programme is a voluntary programme that applies to all business entities participating in the global supply chain

   AEO seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures (*inter-alia* including deferred payment of customs duty) to the Operators who offer a high degree of security guarantees in respect of their role in the supply chain.

   Since the Company is engaged in regular import transactions, therefore, the Company may obtain AEO status. The AEO status and benefits are provided subject to prescribed conditions.

3. Company may avail the benefits provided under the Free Trade Agreements (FTAs) as entered between India and other countries. In FTAs, two or more countries agree to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them. Accordingly, Company may explore the FTAs applicable to it and avail the benefit of reduced rate of customs tariff

4. In the Goods & Services Tax ('GST') regime, the tax rate on fertilizers have been kept at 5% without any restriction on the availability of input tax credit

5. In GST regime, the fertilizers are taxable at the rate of 5 percent, whereas, the inputs procured May be taxable at higher rate. Thus, creating an inverted duty structure scenario, resulting in accumulation / non-utilization of input tax credit available to the Company.

   GST legislation provides for refund of accumulated input tax credit arising on account of inverted duty structure.

II. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

1. The above statement of special tax benefits is based on the best understanding of Company's business landscape and tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.

4. The above statement covers only above mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

Annexure 3

Statement of Special Tax Benefits available to Mangalore Chemicals and Fertilisers Limited (a subsidiary of Zuari Agro Chemicals Limited) and its shareholders under the applicable laws in India

Outlined below are the possible special tax benefits available to the Mangalore Chemicals and Fertilisers Limited and its shareholders under the Income-tax Act, 1961 ("the IT Act") as amended by the Finance Act 2018, i.e., applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20 and The Central Goods and Services Act, 2017, The State Goods and Services Act, 2017, The Integrated Goods and Services Tax Act, 2017 and The Union Territory Goods and Service Tax Act, 2017, as amended (collectively referred to as "GST Regime"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), presently in force in India.

Special Tax Benefits available to the subsidiary company

1. Subject to fulfilment of conditions, deduction of 100% is available under Section 35AD of the IT Act, in respect of capital expenditure (other than land, goodwill or financial instruments) incurred wholly and exclusively for the purpose of specified business (production of fertiliser) carried on by the subsidiary company.

2. Subject to compliance with certain conditions in Section 32AD of the IT Act, a company which sets up an undertaking or enterprise for manufacturing of any article or thing, on or after April 1, 2015 but before April 1, 2020 in notified backward areas is entitled to deduction of a sum equal to 15% of the actual cost of such new asset.

3. Subject to compliance with certain conditions laid down in section 35(1)(iv) of the IT Act, the subsidiary company is entitled to claim as deduction the whole of capital expenditure, other than the expenditure incurred on the acquisition of any land, incurred on scientific research related to the business of the subsidiary company.

4. As per section 35DDA, the subsidiary company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement of an amount equal to 1/5th of such expenses every year for a period of five years subject to conditions specified in that section.

5. The amount of tax paid under section 115JB by the subsidiary company for any assessment year beginning will be available as credit for fifteen years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA. Such credit can be utilized in the year in which tax payable under the normal provisions of the IT Act is higher than Minimum Alternate Tax under section 115JB. The utilization would be restricted to the difference between the tax payable under the normal provisions of the IT Act and the tax payable under Section 115JB of the IT Act.

6. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off against other income and the excess loss after set-off can be carried forward for set-off - against business income of the next eight Assessment Years. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.

7. The subsidiary company under GST Regime, subject to compliance with requirements therein, is eligible to claim a refund of unutilized Input Tax Credit (ITC) on account of Inverted Duty Structure at the end of any tax period where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies. The term 'Inverted Tax Structure' refers to a situation where the rate of tax on inputs purchased is more than the rate of tax on outward supplies.

8. As per the Heading 9801 of the Tariff Act read with the Project Import Regulations, 1986 made under section 157 of the Customs Act, a company engaged in initial setting up of a unit, or the substantial expansion of an existing unit of specified business (inter-alia including industrial plant) is entitled to avail the benefit of reduced rate of basic customs duty on the imports made for the purpose of said expansion, subject to fulfilment of prescribed conditions.

9. Authorized Economic Operator (AEO) is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and enhance international supply chain security and facilitate movement of legitimate goods across international borders.

   The Indian customs AEO programme is administered by the Central Board of Indirect taxes and Customs ("CBIC"). India AEO programme is a voluntary programme that applies to all business entities participating in the global supply chain. AEO seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures (inter-alia including deferred payment of customs duty) to the Operators who offer a high degree of security guarantees in respect of their role in the supply chain.

   Since the subsidiary company is engaged in regular import transactions, therefore, the subsidiary company may obtain AEO status. The AEO status and benefits are provided subject to prescribed conditions.

10. The subsidiary company may avail the benefits provided under the Free Trade Agreements (FTAs) as entered between India and other countries. In FTAs, two or more countries agree to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them. Accordingly, the subsidiary company may explore the FTAs applicable to it and avail the benefit of reduced rate of customs tariff.

11. The subsidiary company avails the benefit of reduced rate of basic customs duty on import of products for use in the manufacture of fertilizers / to be used as fertilizer.

Special Tax Benefits available to the Shareholders of the subsidiary company

1. There are no special tax benefits available to the shareholders for investing in the shares of the subsidiary company.

Notes:

1. The above Statement of possible special tax benefits is based on the tax benefits available to the subsidiary company and its shareholders under the current tax laws relevant for the assessment year 2019-20. These benefits are dependent on the subsidiary company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

2. The above statement of Possible Special Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

3. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, the changing tax laws, each investor is advised to consult his or her own tax advisor with respect to specific tax consequences of his or her investment in the shares of the subsidiary company.

4. This statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.

5. In respect of non-resident shareholders the tax rates and the consequent taxation, if any, shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

6. The above statement covers only certain relevant direct tax and indirect tax law benefits and does not cover any other indirect tax law benefits or benefit under any other law.

SECTION IV - ABOUT US

INDUSTRY OVERVIEW

The information contained in this section is derived from the ICRA research report titled "Indian Fertiliser & Agri-Inputs Sector" published in August 2018, ("ICRA Report") and other publicly available sources. Neither we, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. For further details see "Industry Overview" on page 76.

Global Economy

Improved growth outlook for 2017 after two years of weakness:

After remaining weak at 2.8% in 2015 and 2.4% in 2016, global economic growth is expected to firm up to 3.0% in 2017, and is expected to further improve to 3.1% in 2018 and be slightly moderate to an average of 3.0% in 2019, as per the Global Economic Prospects published by the World Bank Group in June 2018. As per the World Bank, obstacles to growth among commodity exporters in emerging and developing economies are gradually diminishing, while activity in commodity importers remains robust. The economic activity in advanced economies is projected at 2.2% for 2018, a slight deceleration from 2017, although the recent indicators continue to point towards solid investment and above-potential growth across countries. As a result, and despite substantial policy uncertainty, global growth remains robust. Notably, India is forecast to expand at a faster rate than China from 2017 to 2019.

Global GDP Growth & Forecasts

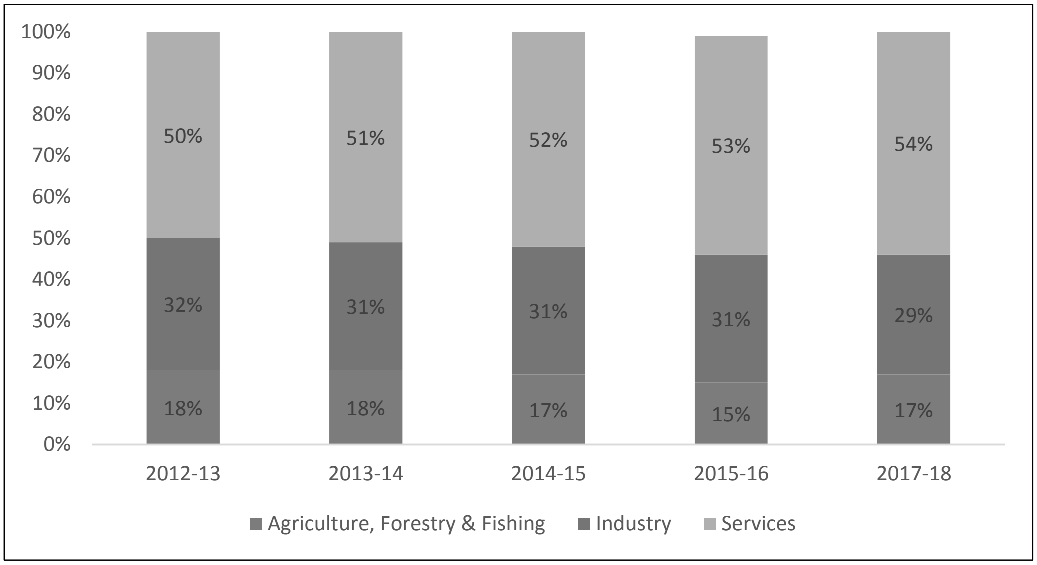
Country/ Group	**Real GDP Growth (%)**							
	Actual				**Forecasted**			
	2013	**2014**	**2015**	**2016**	**2017E**	**2018F**	**2019F**	**2020F**
Brazil	2.70%	0.50%	-3.50%	-3.50%	1.00%	2.00%	2.30%	2.50%
China	7.70%	7.30%	6.90%	6.70%	6.80%	6.40%	6.30%	6.20%
Euro Area	-0.40%	1.20%	2.10%	1.80%	2.40%	2.10%	1.70%	1.50%
India^	6.90%	7.20%	8.00%	7.10%	6.70%	7.30%	7.50%	7.50%
Japan	1.60%	0.30%	1.40%	0.90%	1.70%	1.30%	0.80%	0.50%
United States	2.20%	2.40%	2.90%	1.50%	2.30%	2.50%	2.20%	2.00%
World	**3.40%**	**2.80%**	**2.80%**	**2.40%**	**3.00%**	**3.10%**	**3.00%**	**2.90%**

^ For India data and forecasts are on a fiscal year basis

(Source: World Bank Group Global Economic Prospects (June 2018))

OVERVIEW OF THE INDIAN AGRICULTURE & FOOD INDUSTRY

GVA Breakup at Basic Price



(Source: Central Statistics Office, ICRA Research)

Snapshot of Indian Agriculture Sector

In terms of state-wise contribution, Uttar Pradesh, Punjab, Madhya Pradesh are the top three food grain producing states of the country and cumulatively contributed to ~40% of the total domestic production in 2016, increasing from ~38% in 2015. According to the Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services and agricultural machinery sectors have cumulatively attracted foreign direct investment (FDI) equity inflow of about USD 2,450 million from April 2000 to June 2017.

All India horticulture production has increased by ~112% and at a CAGR of 5.12% from 144.4 million tonnes in 2002-03 to 305.4 million tonnes in 2017-18 driven by higher acreage (16.3 million hectare in 2002-03 to 24.16 million hectare in 2017-18) and better productivity (8.9 MT/Ha in 2002-03 to 12.6 MT/Ha in 2017-18). As per the first advance estimate, the horticulture production is expected to grow by 1.6% (4.8 million tonnes) in 2017-18 supported by normal monsoon in most parts of the country where fruits and vegetables are grown. The production mix is dominated by vegetables (58%-61%) and fruits (30%-32%). India's diverse climate ensures availability of all varieties of fresh fruits & vegetables. India is the second largest producer of fruits and vegetables after China. It is the largest producer of ginger and okra amongst vegetables and ranks second in the world in production of potatoes, onions, cauliflowers, brinjal, cabbages. Amongst fruits, the country is the largest producer of mango, papaya, lemon and banana. *(Source: National Horticulture Board)*

Crop	**Area Cultivated (CY16-Exp)**	**Production (CY16-Exp)**	**Yield (CY16-Exp)**	**Consumption per capita (2015-Exp)**	**Exports (FY16-Exp)**	**Top 3 Producing States (CY16)**	**% contribution of top 3 states**	**India's Position**
Unit	**Million hectares**	**Million Tonnes**	**MT/ha**	**Kg/annum**	**₹crore**	**-**	**-**	**-**
Rice	43.39	104.32	2.40	67.9	38202	West Bengal, Uttar Pradesh	38.42%	Second largest producer after China; largest exporter in 2014
Wheat	30.23	93.5	3.09	61.3	1062	Uttar Pradesh, Madhya Pradesh	64.86%	Second largest producer after China
Cotton	11.86	5.13	0.43	23.6*	12821	Gujarat, Maharashtra, Telangana	66.54%	Second largest producer after China
Fruits	6.41	91.44	14.28	~49*	4191	Uttar Pradesh, Andhra Pradesh, Maharashtra	35.00%	Second largest producer after China

Crop	Area Cultivated (CY16-Exp)	Production (CY16-Exp)	Yield (CY16-Exp)	Consumption per capita (2015-Exp)	Exports (FY16-Exp)	Top 3 Producing States (CY16)	% contribution of top 3 states	India's Position
Unit	**Million hectares**	**Million Tonnes**	**MT/ha**	**Kg/annum**	**₹crore**	**-**	**-**	**-**
Pulses	25.26	16.47	0.65	16.0	1656	Madhya Pradesh, Rajasthan, Maharashtra	51.49%	Largest producer and importer of pulses
Vegetables	9.58	166.61	17.40	~89*	5237	Uttar Pradesh, West Bengal, Madhya Pradesh	34.00%	Second largest producer after China
Spices	3.26	6.35	1.95	~3.39	16630	Gujarat, Madhya Pradesh, Andhra Pradesh	37.80%	World's largest producer and exporter

**fresh fruits and fresh vegetables*

(Source: Government of India – Economic Survey. All India 2013-14 (Final Estimates), Department of Agriculture and cooperation, ICRA Research)

Irrigation coverage increasing, albeit at a very low pace:

Indian agriculture is still heavily dependent on rainfall with 52% of the total land area used for food grains being irrigated. Further, distribution of irrigation across states is highly skewed. Though acreage (for food grains) under irrigation has increased over the last fifteen years, India faces high level of inefficiency in irrigation systems which is reliant on surface water sources (efficiency of 35-40%) as well as on ground water sources (efficiency of 65-75%). *(Source: OECD-FAO Agriculture Outlook)*. Water-use efficiency and productivity can be improved with increased focus on micro-irrigation systems like drips and sprinklers. The ultimate irrigation potential in the country is estimated at about 140 million hectares, out of which, about 58.5 million hectare is from major and medium irrigation sources while the remaining 81.5 million hectare is from minor irrigation sources (about 64.1 million hectare from groundwater irrigation and 17.4 million hectare from surface water). The central government, to complete the incomplete irrigation schemes, initiated the Accelerated Irrigation Benefit Programme (AIBP) under which ₹58,504 crore of central loan assistance/grant has been released up to March 31, 2017. Since its inception, ~297 projects have been funded by AIBP which has helped in creating an irrigation potential of ~24 lakh ha. Currently, work on about 99 projects identified under the AIBP program with an irrigation potential of ~76 lakh ha is underway across 18 states. However, the widening gap between irrigation potential created and that being utilized is required to be narrowed down in the near to medium term to make India less reliant on rainfall which has been highly fluctuating over the last few years. *(Source: ICRA Report)*

GoI aims to double farmer income by 2022:

GoI has set an ambitious target of doubling farm incomes by 2022 by undertaking a slew of measures. To achieve the said objective GoI aims to follow a four pronged approach targeting improvement in productivity, higher crop intensity, diversification towards high value crops and improving resource use efficiency. GoI aims to improve productivity through adoption of better technology to improve area cover under irrigation to de-risk farming against vagaries of monsoon, use of bio-technology in seeds, integrated water use policy and improvement in productivity of allied sectors etc. Improvement in irrigation facilities and implementation of new technologies will also support raising short duration crops after the main kharif and rabi season providing additional source of income to farmers as the crop intensity increases. Production of high value crops (HVC) also provides ample opportunity for farmers to grow their farm incomes. There exists a significant differential in productivity for staple crops and HVCs as the contribution of both the class of crops is 41% to the farm output while staple crops account for nearly 77% of gross cropped area (GCA) as against 19% for HVCs. Thus, average productivity for staple crops is around ₹0.4 lakh per ha against ₹1.4 lakh per ha for HVCs. Additionally, GoI also aims at helping farmers discover right price for their produce through a connected network of mandis through amendments in the Agriculture Produce Market Committee (APMC) Act which will enable integration of mandis across states to integrate on one electronic platform i.e. National Agricultural Market (e-NAM) network. A particular area of focus of GoI has been on effective input resource utilisation which includes promotion of balanced use of fertilisers through issuance of soil health cards leading to better soil health, implementation of DBT for fertilisers, availability of adequate and timely farm credit, crop insurance scheme etc. Opening of bank accounts under Jan Dhan Yojana will also aid implementation of DBT as bank accounts of farmers are an important component for transfer of direct subsidy to farmers in phase-2 of implementation of DBT. GoI had distributed nearly 15.64 crore soil health cards by the end of August 2018 and has also announced credit linked subsidy for entrepreneurs for setting up more testing facilities which will help farmers in purchasing fertilisers according to nutrient needs.

While significant on-ground execution challenges remain for implementation of these policies, GoI has made satisfactory progress till date and going forward these steps should help in doubling of farmer's income.
(Source: ICRA Report)

Outlook on Indian food consumption and production:

With acreage at similar levels, production of food grains is expected to grow to ~305 million tonnes by 2023. Rice will be the major contributor to the growth with production levels of 124 million tonnes anticipated by 2023 and will be followed by wheat (112 million tonnes), coarse grain (46 million tonnes) and pulses (23 million tonnes). Per capita cereal food consumption is expected to rise to 164 kg/person by 2023. Production growth over the period will be encouraged by rise in MSPs for rice and wheat which have witnessed a robust increase in the past and is expected to be increased in similar lines. According to the report, cereal consumption is anticipated to grow, but greater consumption of milk and milk products, pulses, fruits, vegetables and vegetable oil will contribute to the improved intake of food nutrients. Further, owing to limited land availability, higher production is expected to be achieved through improvement in yields. *(Source: OECD FAO Agriculture Outlook)*

Low yield, dependency on monsoon and modest soil health necessitate higher usage of fertilisers for the Indian Agriculture Industry:

- Although India has the largest area of arable and permanently cropped land in the world, India ranks third in the world in overall food grain production after China and USA. The primary reason behind the same has been the low crop productivity of India as compared to USA, China and other major producers. With fertilisers accounting for at least half of the crop yield, it has a significant importance in the Indian Agriculture and Food Industry.

- Being highly dependent on monsoon, drought or lack of monsoons remains the major issue faced by the Indian Agriculture industry. Uneven distribution of rainfall results in either excess or deficiency of water. Fertilisers help plants to overcome these situations by increasing their capacity to hold more water and improve the rooting depth.

- Growing population would result in higher food grain requirement in the future while on the other hand, there is limited scope to increase the gross cultivated area. Hence, the importance of fertilisers is expected to only increase going forward.

- Indian soil is deficient in not only primary nutrients (Nitrogen, Phosphorous and Potassium) but also of secondary nutrients (Sulphur, Calcium and Magnesium) and micro nutrients (Boron, Zinc, Copper and Iron etc.). In terms of soil fertility, Indian soil is moderately fertile w.r.t. phosphate nutrient and highly fertile w.r.t. potassium against low fertility in case of nitrogen nutrient. The proportion of usage of N:P:K nutrients was estimated at 8.0:2.7:1 in FY 2014., which has improved to 6.9:2.7:1 extent in FY2017 due to better sales of P&K fertilisers vis-a-vis urea. Further, according to a study conducted by Indian Institute of Soil Science (IISS), soil of as many as 174 districts across 13 states were deficient in secondary nutrients like sulphur and micronutrients like zinc, boron, iron, manganese and copper. Deficiency of nutrients and imbalance usage of fertilisers adversely impact the average yield, which stands low at 2,993 kg per hectare in 2016 for India as against world average of 3,967 kg per hectare. The same can be corrected by increasing awareness of the farmers for well-managed, scheduled applications of NPK fertilisers, which in turn may translate into higher usage of fertilisers in the future.

  (Source: ICRA Report)

KEY GROWTH DRIVERS FOR THE FERTILISER DEMAND

Low productivity would drive the demand for fertilisers:

Growing demand for food-grains, limited scope for increasing the cultivated area and low crop yield, provide high potential for increase in the fertiliser consumption going forward. Although the fertiliser consumption (per hectare of arable land & land under permanent crops) which is higher than the world average as well as higher than nations like USA and Indonesia; the productivity is low for some of the major crops. As compared to China, the fertiliser consumption is very low, which may translate into higher usage of fertilisers in the future.

Country	Fertiliser Consumption/ hectare of	Yield (Kg) per hectare

	arable land & land under permanent crops (Kg)	Paddy	Wheat	Maize
World	115.3	4,539	3,289	5,664
India	144.0	3,622	3,030	2,752
China	421.3	6,749	5,048	5,998
USA	138.8	8,487	2,944	10,733
Brazil	162.3	5,201	2,209	5,176
Indonesia	117.5	5,135	-	4,954

(Source: ICRA Report)

Improving fertiliser use efficiency would drive the demand for NPK fertilisers:

The per hectare consumption of P&K fertilisers in India is low vis-a-vis urea and vis-a-vis other countries due to historical, market and regulatory reasons. Historically, farmers have preferred urea in India due to lack of awareness as well as favourable urea pricing vis-a-vis other fertilisers on account of presence of domestic capacities. Nevertheless, in terms of soil fertility, Indian soil is moderately fertile w.r.t. phosphate nutrient and highly fertile w.r.t. potassium against low fertility in case of nitrogen nutrient. The proportion of usage of N:P:K nutrients improved to 4.3:2:1 in FY2010 from 7:2.7:1 in FY2001 due to a subsidy structure that led to affordable retail prices for P&K fertilisers vis-a-vis urea. However, post the implementation of nutrient-based subsidy in FY2011, the subsidies remain capped and have largely followed a declining trend, while retail price continue to be significantly higher than urea prices. As a result of increase in retail prices the demand for P&K fertilisers has declined. Accordingly, the NPK usage ratio in FY2016 was estimated at 7.2:2.9:1. NPK usage ratio has improved to 6.8:2.7:1 in FY2017 due decline in retail price of P&K fertilisers during the year vis-a-vis urea. Nevertheless, the imbalanced usage of the fertilisers leads to lower average yield per hectare for cereal in India (2984 kg in 2014) vis-a-vis world average (3907 kg) and other countries (China 5886 kg, USA 7638 kg, Indonesia 5096 kg, Brazil 4640 kg). The yield and the soil fertility can be improved with scientific applications of fertilisers.

(Source: ICRA Report)

DAP prices to be driven by Chinese supplies and Indian demand:

Global prices have fluctuated significantly during the past decade. Prices had seen downward pressure in FY2014 owing to lower imports by India post implementation of the Nutrient Based Subsidy (NBS) scheme which led to significant increase in the retail price of phosphatic fertilisers vis-a-vis urea and thus leading to lower demand. International DAP prices have remained range bound between $310-375 for the past 10-12 months. The prices have remained subdued owing to weak demand from key consumers i.e. India and Brazil. DAP imports by India have declined nearly 17% YoY in 7M FY2018 owing to higher domestic production while high systemic inventories and low crop prices have kept demand from Brazil muted. While DAP prices had witnessed marginal recovery in March 2017 as the Chinese export supplies had tightened due to crackdown by China on polluting units as well as the seasonality in Chinese exports, supplies from U.S., Mexico, Morocco, Saudi Arabia and Africa continue to keep downward pressure on the prices as near term improvement in demand looks unlikely. While few capacity additions are planned in CY2107, no further capacity additions have been announced which should help in supporting the phosphatic prices in the medium term. *(Source: ICRA Report)*

INDIAN FERTILISER SECTOR

High entry barriers due to capital, technical and working capital intensive nature of business and raw material constraints, barring for SSP:

Most fertilisers are commodity products which are manufactured or imported based on the specifications of the Fertiliser Control Order (FCO). This leads to low differentiation in terms of product quality. Nevertheless, production of key P&K fertilisers (such as DAP, NP and NPK complexes) is highly capital intensive and technically intensive, although technical and capital intensity in case of SSP production is low. Further, rock phosphate reserves are required for production of phosphoric acid, which, in turn, is used for the production of DAP, while MOP production is dependent on sylvanite ore deposits. Ammonia is also required for the production of DAP and NPK fertilisers, which is imported to a certain extent as domestic ammonia production is limited. On the other hand, MOP produced is also used for production of further NPK products. Besides, the business is highly working capital intensive due to dependence on subsidy and delays in subsidy payment by the GoI. The high capital and technical intensity of these plants lead to significant entry barriers for a new entrant in the industry. Further, establishing a retail network can be difficult for a new entrant due to heavy competition and financial flexibility of the larger, well-entrenched players. Entry barriers are lower for imports, with major factors impacting them being working capital intensity, regulatory issues and marketing. On the contrary, SSP production is largely manufactured domestically on account of low value-addition and low capital and technical intensity.

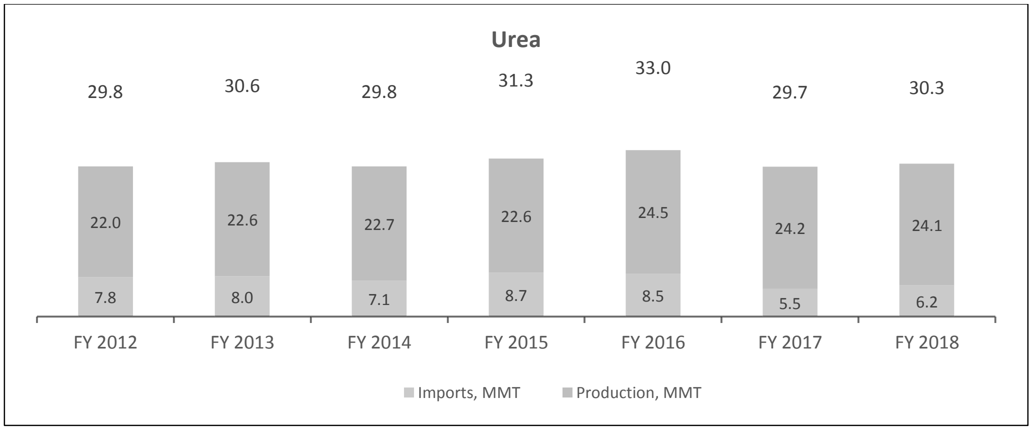
(Source: ICRA Report)

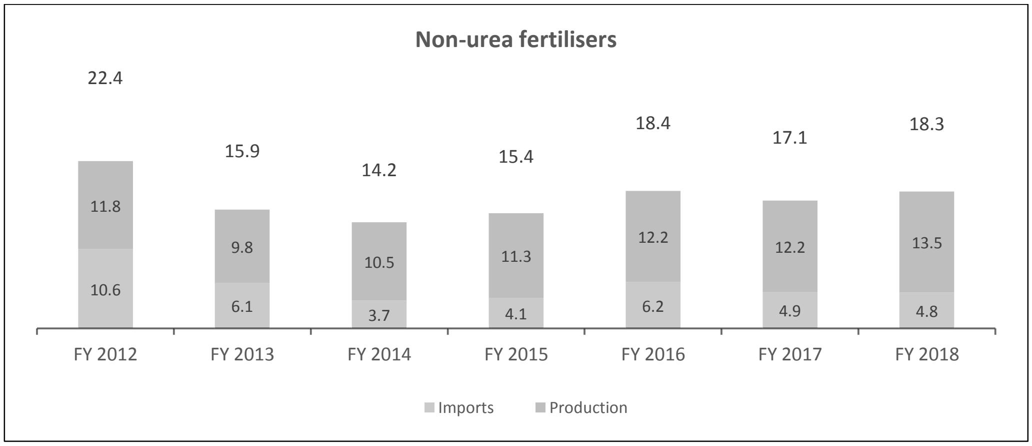
Gas pooling implementation drives domestic urea production:

In June 2015, DoF implemented gas pooling for the domestic urea industry which resulted in a uniform gas price for all the manufacturing units. Under gas pooling all the urea units are supplied gas at a uniform price which is the production weighted average price of the gas being used in the fertiliser sector. Any manufacturer procuring gas at higher price than the pooled price is paid out of a Pooled Fund Account (PFA) while manufacturers procuring gas at a price lower than pooled price make contributions into the PFA. The PFA is operated by GAIL India Limited (GAIL) which is the pool operator.

Implementation of gas pooling has made energy efficiency as the centre piece of the urea production economics. Prior to implementation of gas pooling, an energy efficient plant using high cost R-LNG would be un-competitive against urea imports as against a low energy efficient plant using low priced domestic gas, due to cost of gas being higher for energy efficient plant. However, post implementation of gas pooling all the plants are at an equal footing regarding gas costs and compete with imports based only on energy efficiency. With implementation of gas pooling a number of players benefited from decline in gas costs as they were primarily using R-LNG for manufacturing. Some of the players that benefited include Zuari Agro Chemicals Limited (ZACL). Prior to implementation of gas pooling, ZACL utilised R-LNG at a price of around $18-$20/mmbtu for production of urea resulting in production being uncompetitive against imports. However with implementation of gas pooling the gas costs declined and the production beyond RAC became profitable for ZACL in FY2017 and FY2018. Though lowering of gas costs resulted in lower energy savings for the company, increase in profitability from production beyond RAC more than offset the reduction in energy savings. *(Source: ICRA Report)*

Trends in indigenous fertiliser production and imports





(Source: Department of Fertilisers, ICRA Research)

Direct Benefit Transfer (DBT) being implemented for fertiliser sector; Phase-2 to result in true form of DBT:

In order to have more targeted delivery of subsidies, GoI had planned to introduce DBT for purchase of LPG, kerosene and fertilisers. GoI had conducted a pilot introduction of DBT for fertilisers in 16 districts across India in FY2017 and the scheme was implemented on pan-India basis by end of March 2018. The DBT being implemented in fertiliser sector is different from LPG i.e. the subsidy will still be paid to the industry while farmer will continue to pay the subsidised price. The implementation in this format will enable GoI to capture the data related to land holdings and purchase pattern of the farmers and help in transitioning the DBT regime to true DBT as exists for LPG at a later stage. Nonetheless, the implementation of DBT in present form will impact the working capital cycle of the fertiliser manufacturers as the point of realisation of subsidy will now move from dispatch of fertiliser from the manufacturing unit to actual sale of the fertiliser to farmer. While GoI had planned to clear the subsidy within a week of the sale of fertiliser to farmers, the initial phase of implementation has witnessed various operational issues in terms of raising bills through POS machines, farmer identification, stock reconciliation etc. leading to stretching of the working capital cycle for the industry players. However, with various measures being undertaken by GoI, the operational issues are expected to be transitory in nature and once the issues are ironed out, the working capital cycle is expected to ease relative to the current situation.

While the present phase of DBT will be more of a data collection exercise wherein GoI intends to map fertiliser consumption based on Aadhar cards and follow it up with linkage to land records once digitisation of land records is completed. Under Phase-2 of DBT, GoI intends direct transfer of subsidy to the farmer's account as farmers will have to pay full price for the fertiliser purchased (similar to the DBT in LPG at present) while companies would get full realisation upfront. Additionally, GoI also plans to link the soil health cards with the Aadhar card and use it to recommend the type and amount of fertiliser according to farmer's land nutrient requirement, leading to a more balanced use of fertilisers and improvement in soil health. Once the phase-2 of DBT is implemented in true sense, it will solve the problem of subsidy backlog and will provide impetus to the profitability of the industry. Additionally, it will also lead to elimination of diversion of subsidised urea for non-agricultural purposes thus, saving the subsidy outgo for GoI. The implementation of the next phase will be planned once an appropriate plan of action has been finalised by the Niti Aayog. While implementation of the phase-2 of DBT may take some time to implement but once in place it will be beneficial to all the stake holders i.e. GoI, farmers and the industry.

(Source: ICRA Report)

Despite DAP and NPK complexes being a highly import dependent segment, domestic manufacturers constitute significant market share: The domestic P&K fertiliser industry has the presence of few large DAP / NPK producers such as IFFCO, Coromandel International (CIL), Adventz Group (comprising of Zuari Agro Chemicals, Paradeep Phosphate Limited (PPL) and Zuari Fertilisers & Chemicals Limited (ZFCL)), Rashtriya Chemicals & Fertilisers (RCF) etc. There are 11 DAP / NP / NPK and 8 other NP / NPK complexes manufacturers in India, with total capacities of ~15.3MMT. Besides, there are 105 SSP plants in India, apart from 137 smaller manufacturers of granulated fertilisers. Many other players (including other fertiliser sector players such as urea manufacturers) import DAP, MOP and NPK complexes in significant quantities to provide an entire basket of products to the customers under their own brands. *(Source: ICRA Report)*

Introduction of NBS has been positive for the SSP industry at large: The pricing and subsidy policies for SSP have witnessed various changes in the past. Since April 1, 2010, GoI announced the implementation of nutrient based subsidy policy for P&K fertilisers, which benefitted the manufacturers of SSP significantly as historically (i.e. prior to FY10), there was higher subsidy for 'P' in case of DAP as compared to SSP, which has not been encouraging for the SSP industry. Due to higher subsidy and contribution levels under NBS, SSP has seen high interest by the existing smaller manufacturers as well as larger non-SSP phosphatic fertiliser. With this, the per-nutrient subsidy across DAP/NPK and SSP was equalised resulting in higher profitability for SSP. Also, the share of SSP in the overall 'P' consumption is expected to go up. In the initial phase, SSP industry in fact lowered their MRP, in order to gain higher market share, which they were successful in, at the same time improving their profitability due to higher subsidy. *(Source: ICRA Report)*

Adoption of modern irrigation facilities to drive demand for water soluble fertilisers: Water soluble fertilisers (WSF) are low volume, high value fertilisers that are completely soluble in water and are applied to plants through spray or fertigation techniques. These fertilisers though used in lower volumes are adequate in meeting the nutritional requirement for plants as the application is directly in the roots. Main advantages of using WSF over conventional fertilisers are improved crop yield, low effective cost, controlled release of nutrients and maintenance of soil health as nutrient balance is maintained. Major players manufacturing WSF in India are Zuari Agro Chemicals Limited (ZACL), Deepak Fertilisers, Coromandel international and Nagarjuna Fertilisers. WSF consumption in India stood at 110,000 MT in CY2013 and is expected to grow at a healthy rate in the near term.

The main driver for increase in consumption of WSF in the near term will be increase in penetration of irrigation facilities driven by initiatives undertaken by GoI. With few players in the fray market leaders like ZACL are expected to benefit from rising consumption of WSF in the country going forward. *(Source: ICRA Report)*

Extra Budgetary Resources upto ₹9,020 crore for Long Term Irrigation Fund during the year 2017-18

The Union Cabinet has approved raising Extra Budgetary Resources (EBR) of upto ₹9.020 crore as per the requirement during 2017-18 by NABARD through issuance of Bonds for ensuring lending rate of 6% per annum (pa) in respect of borrowings for implementation of Accelerated Irrigation Benefits Programme (AIBP) works of 99 ongoing prioritized Irrigation projects along with their command area development (CAD) works under PMKSY.

A large number of major and medium irrigation projects taken up under Accelerated Irrigation Benefit.

Programme (AIBP) were languishing mainly due to inadequate provision of funds. During 2016-17, 99 ongoing projects under PMKSY- AIBP were identified for completion in phases by December-2019. The Government announced creation of dedicated Long Term Irrigation Fund (LTIF) in NABARD with an initial corpus of ₹20,000 crore for funding of Central and State share for the identified ongoing projects under PMKSY (AIBP and CAD).

To make the loan from NABARD attractive for states, it was decided that the rate of interest may be kept around 6% by providing requisite cost free funds to NABARD every year during 2016-17 to 2019-20 on which interest cost would be borne by GoI.

During the year 2016-17, NABARD disbursed aggregate amount of ₹9,086.02 crore under LTIF, out of which ₹2,414.16 crore was released for Polavaram project (without EBR component) and balance ₹6,671.86 crore was released to identified projects using EBR. Further, an amount of ₹924.9 crore was disbursed as Central Assistance (CA) through budgetary provision. During 2016-17, overall an amount of ₹2187 crore was raised by NABARD in the form of Government of India fully serviced bond as EBR.

During 2017-18, it is estimated that an amount of ₹29,000 Crore may be required through LTIF, for which EBR of ₹9020 crore would be required.

As per the status reported by the states and Central Water Commission during various review meeting, 18 projects have been completed/almost completed. Irrigation potential utilization is expected to be more than 14 lakh hectares during 2016-17 from all the 99 projects. During 2017-18, 33 more projects are likely to be completed. The completion of the identified irrigation projects will generate immediate wage and other employment opportunities in good measure during the construction phase. More importantly, on completion of the projects, the utilization of irrigation potential of about 76 lakh hectares will transform the agriculture scenario of the region resulting in generation of substantially more employment opportunities through increase in cropping intensity, change in cropping pattern, agro-processing and other ancillary activities.

(Source: Press Information Bureau, Government of India)

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 10 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16, 154 and 269, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report titled " Indian Fertiliser & Agri-Inputs Sector" published in August 2018, ("**ICRA Report**") prepared and issued by ICRA Limited. Unless otherwise indicated, all industry and other related information derived from the ICRA Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to our Company along with its Subsidiaries and Joint Ventures, on a consolidated basis.

Overview

We are amongst the largest manufacturers of phosphatic fertilisers and one of the major players manufacturing water soluble fertilisers in India, according to the ICRA Report. We manufacture fertilisers, speciality fertilisers, micro nutrients, seeds and chemicals. We market our products under well recognised brand names "*Jai Kisaan*", "*Jai Kisaan-Mangala*" and "*Jai Kisaan-Navratna*".

Zuari Global Limited, our Promoter was incorporated in 1967 as a manufacturer of fertilisers and was promoted by Late Dr. K. K. Birla. Our Company is part of the Adventz group which has a presence in four verticals namely, agribusiness, engineering & infrastructure, lifestyle & real estate & investment, management & travel services.

In 2012, the fertiliser undertaking of Zuari Industries Limited (now known as Zuari Global Limited) was demerged and vested in our Company. With effect from November 13, 2017, our subsidiaries ZFCL, ZASL and ZSFL, were amalgamated into our Company, with an appointed date of April 1, 2015.

Our products (manufactured and/or marketed) are primarily inputs for the agricultural sector such as:

(a) Fertilisers: Urea, NPK Complex fertilisers, Muriate of Potash ("**MOP**"), Single Super Phosphate ("**SSP**") and Di Ammonium Phosphate ("**DAP**");

(b) Speciality fertilisers: 100% water soluble ("**NPK**") fertilisers;

(c) Micro-nutrients: Zinc, Sulphur and Boron;

(d) Organic manure and soil conditioners (zypmite);

(e) Crop protection chemicals: pesticides, insecticides, fungicides and herbicides;

(f) Seeds: hybrids including cotton, maize, paddy and mustard;

(g) Chemicals: Ammonium bicarbonate and Sulphonated Napthaline Formaldehyde ("**SNF**").

We manufacture and market the above-mentioned products either on our own or through our Subsidiaries and Joint Ventures. We have a total of seven manufacturing facilities. We operate one manufacturing facility in Goa, two facilities in Maharashtra, and one facility each in Telangana, Andhra Pradesh, Odisha and Karnataka.

Our Subsidiary, Mangalore Chemicals & Fertilizers Limited ("**MCFL**"), in which our Company holds 53.03% of equity share capital, manufactures urea, other complex fertilisers, crop protection chemicals, crop nutrition products and chemicals at its Mangalore facility.

In Fiscal 2012, our Company acquired 50% stake in Zuari Maroc Phosphates Private Limited ("**ZMPPL**") from Zuari Global Limited. ZMPPL, is a joint venture of our Company and Maroc Phospore S.A., Morocco, which holds 80.45% of the equity share capital of Paradeep Phosphates Limited ("**PPL**") with the balance being held by the GoI. PPL manufactures and markets straight and complex fertilisers such as DAP, various grades of NPK and MOP.

In Fiscal 2014, our Company acquired 30% equity stake in MCA Phosphates Pte Limited ("**MCA**") from Zuari Global Limited. MCA is a joint venture between us and Mitsubishi Corporation, Japan which holds the balance stake in MCA. MCA has, in turn, acquired a 30% equity stake in Fosfatos del Pacifico, Peru ("**FDP**") which has a right to develop a rock phosphate mine in Peru. Currently, our Company is involved in an ongoing dispute with Mitsubishi Corporation, in relation to our shareholding in MCA. For further details, see "*Outstanding Litigation and Other Material Developments – Litigations involving our Company"* on page 327.

We sell our products through a network of dealers and sub-dealers. We also sell directly through Jai Kisaan Junctions. As of September 30, 2018, we had a network of 12,162 dealers and 1,52,826 sub-dealers and 250 Jai Kisaan Junctions.

Our total revenue for the six month period ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016 was ₹4,46,962.92 lakhs, ₹7,36,684.96 lakhs, ₹6,47,184.70 lakhs and ₹7,64,397.87 lakhs, respectively. Our revenue from operations for the six month period ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016 was ₹4,44,015.56 lakhs, ₹7,27,971.20 lakhs, ₹6,41,549.58 lakhs and ₹7,58,164.36 lakhs, respectively. Our profit for the six month period ended September 30, 2018 and for the Fiscals 2018 and 2017 was ₹2,308.17 lakhs, ₹16,560.12 lakhs and ₹5,426.88 lakhs, respectively and there was a loss of ₹11,647.81 lakhs for the Fiscal 2016.

Our Strengths

We believe that our business has the following key competitive strengths:

Diversified product portfolio

We produce and distribute a number of products and diverse nutrients, including urea, complex fertilisers, plant nutrition, zypmite and other products. We focus on DAP and complex fertilisers (NPK) as compared to urea, as we believe these fertilisers afford a higher pricing flexibility in comparison with the production and pricing of urea. For the six month period ended September 30, 2018, our sales volume by products comprised of 73% from DAP and complex fertilisers, 21% from urea, 2% from plant nutrition products and 4% from other products. We believe that a shift towards nutrient based subsidy in complex fertilisers has led to reduction in working capital as the quantum of subsidy receivables has declined, producers have higher flexibility to fix farm gate prices and gradual shift from subsidy based pricing to market driven pricing. India's high dependence on agricultural growth and relatively low per capita consumption of fertilisers are some of the factors which would continue to support the growth of the domestic fertiliser industry.

Strategically located manufacturing facilities with strong tie ups for raw-material sourcing

Some of our manufacturing facilities are strategically located in port cities such as Goa, Mangalore, Mahad and Paradip. Further, as a strategy, we supplement our production by trading, which account for 20% and 21% of total sales volume for the six month period ended September 30, 2018 and Fiscal 2018, respectively.

Our primary raw materials include rock phosphate, phosphoric acid, anhydrous ammonia and MOP. We import raw materials used to manufacture our products from countries like Morocco, Qatar and Russia. We have entered into a long-term agreement for supply of rock phosphate with OCP SA, Morocco, which is our joint venture partner through its wholly owned subsidiary, Maroc Phosphore SA, in relation to Zuari Maroc Phosphates Private Limited. We have also entered into arrangements for supply of our primary raw materials, including with (i) Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) QJSC for supply of anhydrous ammonia; (ii) Saudi Basic Industries Corporation for supply of diammonium phosphate; (iii) Dead Sea Works Limited for the supply of MOP. Our strategically located facilities enable us to import raw material directly to our facilities. We believe this proximity lowers our raw material delivery costs compared to our inland competitors.

We believe that our location provides us with flexibility to direct our sales into markets that will yield the competitive prices for our products. Being located in port cities, facilitates our access to networks of railways, waterways and highways. This further enables us to benefit from lower transportation costs as imported raw materials can be directly sourced from port locations and allows us to cater to the needs of customers located in different regions of the country, giving us a competitive edge in terms of cost and quality of service.

Strong distribution network and marketing initiatives

We market and sell our products through our distribution network based across India, which provides us access to key growth markets. As of September 30, 2018, our key brands and geographic reach are as follows:

As of September 30, 2018, we had a network of 12,162 dealers and 1,52,826 sub-dealers and 250 Jai Kisaan Junctions. Our distribution channel enables us to offer marketing and consulting services relating to fertiliser application to farmers, the end market users of the products. Over the years, we have created a strong brand recall and relationship with farmers by undertaking various initiatives such as establishing soil testing laboratories, organising farming demonstrations, participating in the Goa Agricultural Initiative and launching our mobile app.

We also sell our products through our Jai Kisaan Junctions which are located at such areas or talukas, where there is high potential for sale of our products. As of September 30, 2018, 165 Jai Kisaan Junctions were operational in Karnataka and Maharashtra. They are equipped with audio-visual and internet supported aids, with an agronomist in each store and a showroom space of 500-750 sq. ft. The Jai Kisaan Junctions aid us in developing a direct relationship with the farmers and also functions as a parallel marketing network by being a one stop solution for farming needs. Value add services like information on soil health are also provided to farmers at these junctions. We believe that our broad distribution network, including our ability to adapt to new sales channels like Jai Kisaan Junctions, is an important driver to build our fertiliser business and also expand our seeds business.

Established brand name

We are a part of the erstwhile K.K, Birla Group of companies renamed as Adventz group. We believe the "Adventz" brand is well recognised in India. Our brands "Jai Kisaan", "Jai Kisaan - Navratna" and "Jai Kisaan - Mangala" are well known among farmers. As part of our decentralised business model, we sell our products under the following brands to our key markets.

Brand	Entity	Key markets
Jai Kisaan	Our Company	Goa, Maharashtra, Andhra Pradesh, Karnataka and Telangana
Jai Kisaan - Navratna	PPL	Orissa, West Bengal, Chhattisgarh, Bihar, Uttar Pradesh, Andhra Pradesh and the North East
Jai Kisaan - Mangala	MCFL	Karnataka, Tamil Nadu, Andhra Pradesh, Telangana and Kerala

In the past, we have developed and employed several print campaigns targeting the farmers in India, in order to increase the recall value of our brands.

Strong parentage, experienced and professional management team with a proven track record

We have an experienced and innovative management team with extensive operational expertise and an in-depth understanding of our industry. S K Poddar, our Chairman, has been associated with our Company since its inception. Our senior management team consists of technically qualified and highly experienced professionals in the industry we operate in. Across the organisation, our management has fostered a corporate culture of commitment to innovation, and spearheaded our growth and development. Our senior management team is responsible for the overall strategic planning and business development of our Company and has been instrumental in the growth in our revenues and operations.

Our strategy is to empower local management, ensuring they have ownership of day-to-day operational decisions while being guided by central principles aligned to our vision and strategy. We believe that the strength of our management team combined with our decentralised business model enables us to take advantage of strategic market opportunities, to make decisions at the local level quickly and to better serve our customers.

Our Strategies

We intend to grow our business by implementing the following strategies:

Modernisation of and increase in our plant capacity for production of ammonium and urea

We are currently undertaking an integrated modernisation and energy efficiency programme for our ammonia and urea manufacturing facilities at Goa and Mangalore. This is expected to substantially reduce our energy consumption, which is expected to improve our profitability. We are also undertaking debottlenecking of our complex fertiliser plants at Paradip for enhancement of production capacity, which is expected to improve profits.

Increase footprint of 'Jai Kisaan Junction' stores and increased farmer connect

We believe that the Jai Kisaan Junctions have been instrumental in increasing our brand recall and aiding us in developing a direct relationship with the farmers and also functioning as a parallel marketing network by being a one stop solution for farming needs. We also utilise these store as platforms to launch new products/services such as bio-fertilisers and undertake key initiatives such as soil testing labs, farm demonstration, mobile app and GAIN. We intend to support farmers through agronomists, who can help farmers make data based timely decisions. As of September 30, 2018, we operated 165 "Jai Kisaan Junctions" which were operational in Karnataka and Maharashtra and we plan to increase the footprint of "Jai Kisaan Junctions", by expanding the number of stores across India over the next 2-3 years. Through our Jai Kisaan Junctions, we also intend to provide financial services including micro-finance, crop insurance, crop loans and other services like veterinary, aquaculture, plasticulture, drip irrigation system and mulching sheet, along with suitable partners.

Increase focus on complex fertilisers and non-regulated products

We propose to increase focus on complex fertilisers like NPK fertilisers, which are critical to balanced usage in order to prevent lower average yield per hectare. We also intend to introduce new grades of complex fertilisers to suit specific crops. Since, complex fertilisers are not regulated in terms of pricing, we believe that an increased focus towards such products shall offer a higher degree of pricing flexibility and potentially, better margins for our business.

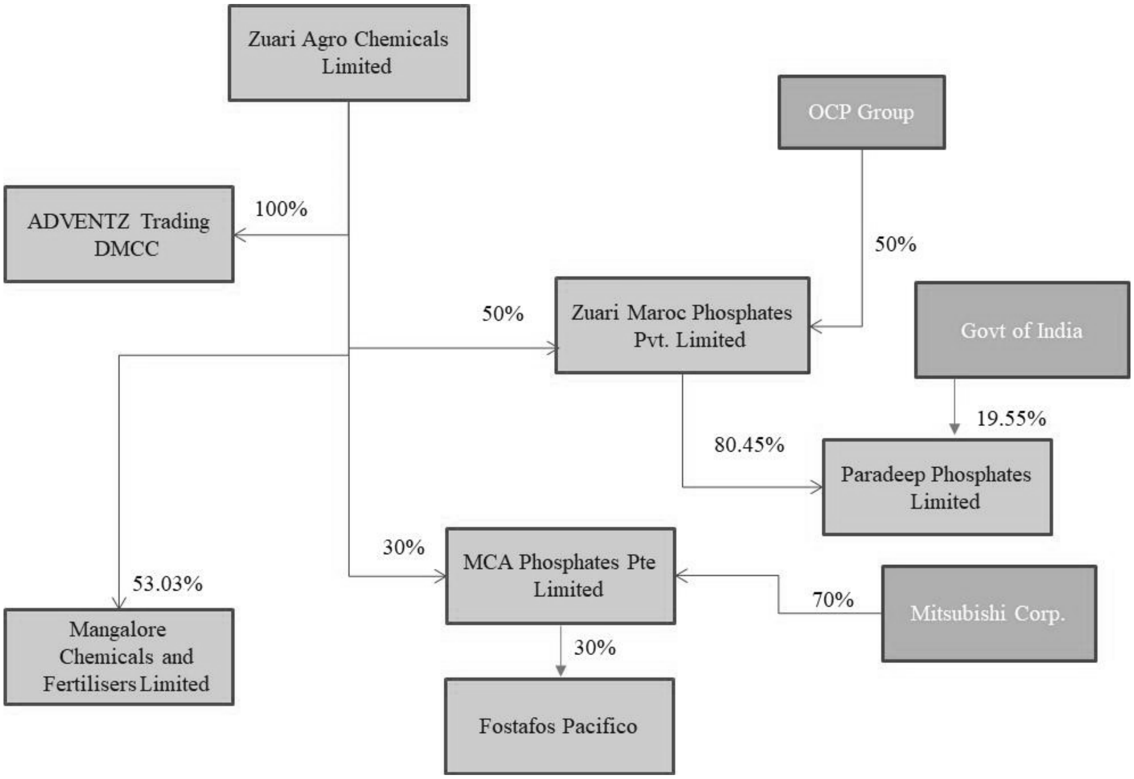
Maintain market leadership through investment in brand building and other campaigns

We believe that effective marketing and brand placement is critical to maintaining our position as one of the leading players in the fertiliser market. We will continue to promote our "*Jai Kisaan*", "*Jai Kisaan - Mangala*", and "*Jai Kisaan - Navratna*" brands, and continue to invest in marketing campaigns and programs for assistance to farmers, to effectively position our products in the market. We recently undertook a multi-year business transformation exercise, to increase operational efficiency and marketing effectiveness, and intend to continue to streamline our processes accordingly.

Diversification of our product portfolio using our established brand and distribution network

We aim to continue to diversify and increase our product portfolio where there are opportunities to leverage our "Jai Kisaan", "Jai Kisaan - Mangala", and "Jai Kisaan - Navratna" brands and extensive dealer and distribution network. For example, our recent entry into the liquid plant nutrition business gives us the opportunity to capture the growth potential of a relatively new product in the Indian market. In addition, we will continue to look for new product opportunities to extend and expand our product range.

Corporate Structure



Our Products

Our products are primarily inputs for the agricultural sector such as:

i. *Fertilisers*

Fertilisers include the Urea, DAP, MOP, SSP and various NPK grades. Fertilisers are predominantly used for improving crop productivity.

Some of our key product offerings include:

- Jai Kisaan Urea – Contains 46% Nitrogen;
- Jai Kisaan Samrat (18:46:0:0) – Di-Ammonium Phosphate; Highest Phosphate (P2O5) content;
- Jai Kisaan Samarth (10:26:26) – Highest nutrient content amongst NPK fertilisers (62%);
- Jai Kisaan Sampatti (12:32:16) – Phosphate (P2O5) and Potash (K2O);
- Jai Kisaan Sampurna (19:19:19) – NPK fertiliser in 1:1:1 proportion;
- Jai Kisaan Suraksha (0:0:60) – Muriate Of Potash; water soluble and readily available potash; helps in building plant's resistance against pests and diseases
- Jai Kisaan Super 16 (0:16:0) – Single Super Phosphate; water soluble and readily available phosphate; also contains 11% Sulphur which helps in increasing oil content in oilseeds, sugar recovery in sugarcane, protein in food crops and nodulation in pulses
- Jai Kisaan Navratna 10:26:26 – NPK fertilisers (62%) less nitrogen content helps in controlling excessive vegetative growth
- Jai Kisaan Navratna 12:32:16 – Phosphate (P2O5) and Potash (K2O) contents are almost wholly in water soluble form making it easily and quickly available to plants
- Jai Kisaan Navratna 20:20:0:13 – Ammonium Phosphate Sulphate;
- Jai Kisaan Navratna 15:15:15:09 – Balanced nutrition; potassium source is based on SOP which is particularly important for crops with a low tolerance to chloride.
- Jai Kisaan Navratna DAP (18:46:0:0) – Di-Ammonium Phosphate; Highest Phosphate (P2O5) content;
- Jai Kisaan Mangala 20:20:0:13 – Ammonium Phosphate Sulphate;
- Jai Kisaan Mangala DAP (18:46:0:0) – Di-Ammonium Phosphate; Highest Phosphate (P2O5) content.

ii. *Water Soluble Fertilisers*

Completely water soluble sources of plant nutrients that are suitable for fertigation and foliar spray

Key product offerings:

- Poorna-19 (NPK 19:19:19): Nitrogen present in all of the plant available forms – Ammoniacal, Amide and Nitrate; helpful for establishing healthy vegetative growth
- Atom-61 (NPK 12:61:0): Mono Ammonium Phosphate; highest phosphate content; helps in flower setting and panicle emergence
- Boon-45 (NPK 13:00:45): Potassium Nitrate; useful for development of fruits; increases shelf life and sugar content; free from heavy metals and chlorides
- Boost-52 (NPK 0:52:34): Mono Potassium Phosphate; induces flowering and fruiting; reduces premature fruit drops and flower shedding
- Sulpho-50 (NPK 0:0:50): Sulphate of Potash; improves sugar content in fruits, improves quality and flavour; increases resistance to diseases; hastens maturity of fruits; chlorine free
- Calnit-19 (Ca 18.8%, N 15.5%): Calcium Nitrate; enhances the quality and shelf life of fruits, vegetable and flowers; reduces rotting and cracking of fruits; increases resistance to diseases and moisture stress

iii. *Micronutrients*

Micronutrients include products such as Zinc Sulphate, Magnesium Sulphate Copper Sulphate, Sulphur, and Boron, which are used for enhancing the efficacy of fertilisers and for improving the crop productivity for a balanced crop nutrition

Key product offerings:

- Adbor (20% Boron): 100% water soluble form; helps in normal growth and development, crop yielding and seed development - ZACL
- Gandhak-90 (90% elemental Sulphur): Helps in chlorophyll formation, protein synthesis and better absorption of other fertilisers - ZACL
- Granubor Natur (15% Boron): Granulated boron fertiliser suitable for soil application with all fertilisers; helps in normal growth and development, crop yielding and seed development
- Jaibor (10.5% Boron): Granulated boron fertiliser suitable for soil application with all fertilisers; slow release form minimizes leaching losses
- Zinc-21 (21% Zinc) / Zinc 33% : prevents interveinal chlorosis, reduction in internodal length, white buds in maize and drying of leaf tips; can be applied through soil as well as foliage

iv. Organic Manure

Products which enrich soil humus status, stimulate soil microbes, improve soil CEC, increase availability of nutrients and hence improve productivity

Key product offerings include:
- City Compost
- Humic Granules
- Neem Organic Manure
- Bone Meal

v. Soil conditioner

Specially formulated products that correct soil pH condition, a very critical success factor in agriculture and improve soil productivity

Key product offerings:
- Setright
- Zypmite Plus

vi. Specialty Agri-fluids

Highly soluble and scientifically formulated combination of essential plant nutrients suitable for foliar spray and fertigation; tailor-made products for precision agriculture

Key product offerings:
- Bio 20
- 3X
- Restore1
- Restore2
- Kelpak Sanjeevini

vii. Crop protection

Crop protection products include insecticides and fungicides for protection of crops.

Some of our key insecticides include:

- Aphasaan 75;
- Carbosaan;
- Chlorosaan;
- Flame; and
- Impact.

Some of our key fungicides include:
- Bensaan 50;

- Copper 25;
- Copsaan 50;
- Hexaan; and
- Mancomet.

Some of our key herbicides include:
- Atrasaan 50;
- Benzy 700;
- Focus;
- Glysaan 41; and
- Kleen 58.

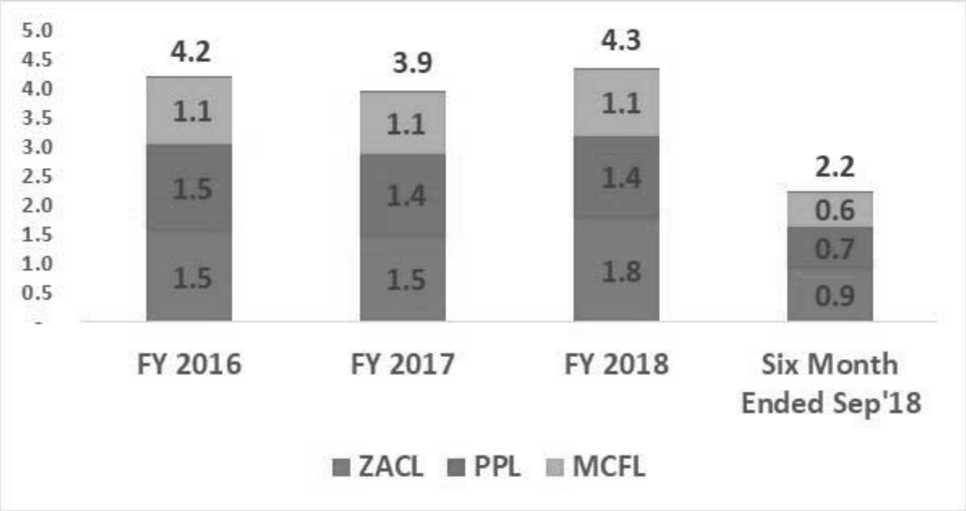
viii. Seeds

Jai Kisaan seeds includes hybrid rice, wheat, corn, millet and okra seeds.

ix. Chemicals

Ammonium bicarbonate is a food grade product with 99.8% purity on dry weight basis.

Our sales volume


(in million tonnes)

Note: This figure above depicts total sales volume of our products including Urea, DAP, NPK, plant nutrition products and other products, and includes the entire sale figures of PPL.

Pricing Policy

Urea is sold to farmers at subsidised rates/fixed maximum retail price ("**MRP**"). On August 7, 2018 the Government of India, Ministry of Chemicals and Fertilisers revised the MRP of urea to ₹5,378/MT (exclusive of applicable taxes wherever levied, whether at the retail sales point or at an intermediate stages). The revised MRP has been effective from August 7, 2018. In May 2015, GOI made it mandatory to neem coat urea, for which MRP can be increased by 5%.

Complex fertilisers

Fertiliser manufacturers are allowed to fix the MRP at reasonable rates. However, the reasonableness of the rates continues to be under the scrutiny of the Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers ("**DOF**"). It has, thus, been mandatory for all fertiliser companies to submit, along with their claims of subsidy, certified cost data for the purpose of monitoring. Fertiliser companies are also required to upload MRP of complex fertilisers on daily basis in FMS before dispatch of material.

Subsidy Policy

Urea

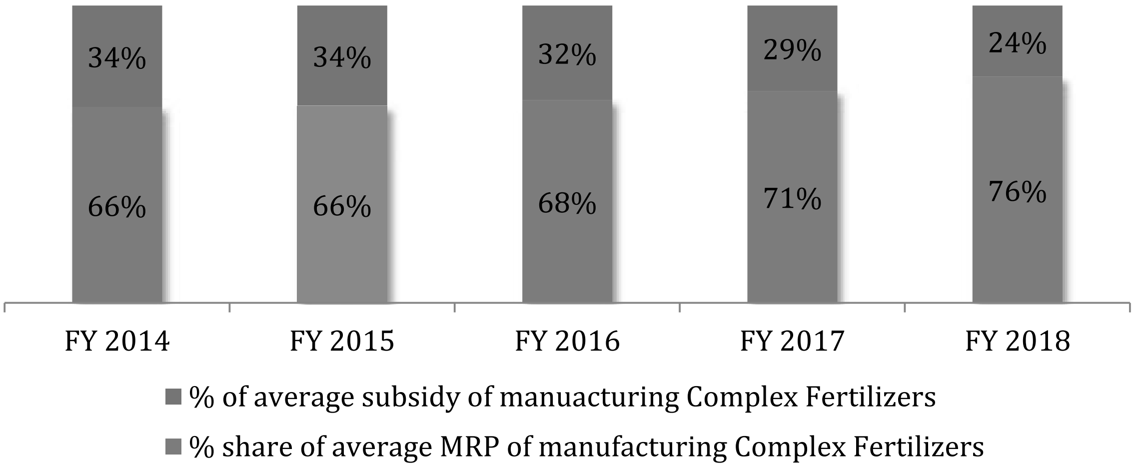
On May 25, 2015, the DOF notified the New Urea Policy – 2015 for urea manufacturing units with effect from June 01, 2015, till March 31, 2019. Under this policy, our Goa plant has been classified as a Group-III unit, while the MCFL plant at Mangalore is yet to receive pipeline connectivity to be able to be categorised under Group -III unit.

The difference between the concession price (cost plus normative return) and the MRP is paid as subsidy/concession to manufacturers.

For complex fertilisers subsidy is paid as per the Nutrient Based Subsidy Scheme. The subsidy paid on each nutrient namely, nitrogen ("N"), Phosphate ("P"), Potash ("K"), Sulphur ("S") is decided annually by the DOF and is converted into subsidy per tonne for each subsidised fertiliser based on content of N, P and K in each type of fertiliser.

For further details on Pricing Policy and Subsidy Policy, see "*Regulations and Policies*" on page 97.

Share of subsidy in realization has declined over the last five years in our Company on account of introduction of Nutrient Based Subsidy Scheme by the DOF



Note: Total realisation includes the MRP received from farmers and subsidies received from the government.

Manufacturing facilities

We manufacture our products at our seven manufacturing facilities ("**Manufacturing Facilities**") in India: strategically located at Goa, Maharashtra, Andhra Pradesh, Telangana, Odisha and Karnataka.

As of September 30, 2018, our Manufacturing Facilities had the following aggregate production capacities:

(KTPA)

Particulars	DAP/ NPK	Urea	SSP	SNF	Water Soluble	Micronutrient	Ammonium Bi-carbonate	Zypmite	Total
Our Company	815	400	200	-	12	-	-	-	**1,426**
PPL	1,300	-	-	-	-	-	-	60	**1,360**
MCFL	260	380	-	21	6	6	18	-	**691**
Total	**2,375**	**779**	**200**	**21**	**18**	**6**	**18**	**60**	**3,477**

The following tables depict the respective capacity utilisation of our Company, PPL and MCFL for the Fiscal 2018, 2017 and 2016:

(a) **Our Company**

Period	DAP/NPK	Urea	SSP	Water Soluble
Fiscal 2018	84%	118%	50%	43%
Fiscal 2017	72%	116%	28%	37%
Fiscal 2016	98%	100%	25%	43%

Notes:

1. Production capacities are as of March 31 each year
2. Our Company's production increased in Fiscal 2017

(b) **PPL**

Period	DAP/NPK	Zypmite
Fiscal 2018	97%	32%
Fiscal 2017	96%	17%
Fiscal 2016	101%	20%

Notes:

1. Production capacities are as of March 31 each year

(c) **MCFL**

Period	DAP/NPK	Urea	SNF	Water Soluble	Micronutrient	Ammonium Bi-carbonate
Fiscal 2018	102%	108%	83%	50%	46%	93%
Fiscal 2017	101%	100%	74%	50%	26%	72%
Fiscal 2016	79%	100%	66%	50%	36%	68%

Notes:

1. Production capacities are as of March 31 each year

Production Process and technology

Brief overview of manufacturing process

I. Urea

The manufacturing process for Urea is divided into following process sections:
a) Synthesis
b) Decomposition and Recovery
c) Crystallization
d) Drying and Prilling

a) **Synthesis:**

Ammonia and carbon dioxide is received from the ammonia plant and compressed up to 250 kg/cm2G and fed into the Urea Synthesis reactor. The recycled carbamate solution is also fed to the reactor. The operating condition in the Urea Synthesis reactor is around 230 kg/cm2G and 200 deg. C and mole ratio of NH3/CO2 is 3.8.

b) **Decomposition and Recovery:**

In this section the excess ammonia and unconverted ammonium carbamate are separated from Urea solution by steam heating. The Urea solution already concentrated upto 70% to 75% is then pumped to crystallisation section through filter. The overhead gases from the decomposition section are completely condensed and absorbed and recycled back in the process.

c) **Crystallisation:**

The Urea solution is further concentrated and crystallised and taken to centrifuge. In the centrifuge, Urea crystals are separated from the mother liquor.

d) **Drying and Prilling**

The Urea crystals are further dried and taken to a melter where, the crystals are melted. Urea prills are formed while descending through the prilling tower and are further cooled by upcoming air and finally sent to bulk storage building via a belt conveyor.

II) NPK

NPK is manufactured in two steps, first neutralising phosphoric acid by Ammonia in pre-neutraliser and further ammoniating slurry in ammoniator granulator where potash, Urea and recycled solids are added and adjusted to the grade. It is further dried by air and dryers and screened to separate the required products size. Product dust from the dust laden gasses from dyers are removed in cyclones and scrubbers and recycled back to the process. Over size particles from screens are crushed in over size crushers and recycled back to ammoniator granulator with under size materials.

III) DAP

DAP is produced by neutralising phosphoric acid by ammonia in a pre-neutraliser/pipe reactor. Slurry thus produced is ammoniated in an ammoniator granulator. The granulated material is dried and screened to separate the required product size while the oversize material is crushed and recycled back to ammoniator granulator along with undersize materials. The fumes from pre-neutraliser and ammoniator granulator and dust laden gasses are removed in a series of cyclone and recovered dust is recycled back to the process. Finally the gas from fumes scrubber and dust laden gas from dust scrubber is scrubbed in the tail gas scrubber.

Quality assurance in connection with production

Process and product audit and quality rating are conducted on a regular basis and quality check parameters are laid down to ensure adherence to defined process and product specifications.

Marketing, sales and distribution

We have a dedicated sales and marketing team having necessary experience in the field. We sell our products through a network of dealers and sub-dealers. We also sell directly through Jai Kisaan Junctions. As of September 30, 2018, we had a network of 12,162 dealers and 1,52,826 sub-dealers and 250 Jai Kisaan Junctions.

In 2014, our Company launched the Jai Kisaan Junction as a means to inform and update new generation farmers with the needs of modern-day farmers. As of September 30, 2018, 165 Jai Kisaan Junctions are operational in Karnataka and Maharashtra. They are equipped with audio-visual and internet supported aids, with an agronomist in each store and a showroom space of 500-750 sq. ft. The Jai Kisaan Junctions aid us in developing a direct relationship with the farmers and also functions as a parallel marketing network by being a one stop solution for farming needs. Add on services like information on soil health are also provided to farmers at these junctions. We also utilise this platform to launch new products/services such as bio-fertilisers. We believe that our broad distribution network, including our ability to adapt to new sales channels, is an important driver to build our fertiliser business and also expand our seeds business.

Infrastructure facilities

We maintain storage facilities at the ports and manufacturing plants to store our raw material like ammonia, phosphoric acid, rock phosphate, MOP, etc. In this regard, we have entered into agreements with state electricity boards and water resource departments to meets our power and water requirements.

Other farmer initiatives

Our Company's "Hello Jai Kisaan" Service, which is a toll-free service to resolve farming queries via telecommunication, can also be availed from the telephone line at the Jai Kisaan Junctions.

We have established Adventz Agri Innovation Center ("**Center**") at Solapur, Maharashtra. The Center comprises of 104 acres of land and is utilised for conducting demonstrations of various crops farming methods to farmers and optimum usage of fertilisers. Being established under rainfed situation, the Centre demonstrates efficient irrigation system and agronomic practices enhancing water use efficiency. We have a state of the art agriculture development laboratory, equipped to test soil, water, plant petioles and fertilisers. We have also marked 23rd of December as 'Jaikisaan Diwas' to organise theme base events and felicitate progressive farmers.

Over the years, we have created a brand recall and relationship with farmers by undertaking various initiatives such as establishing soil testing laboratories, organising farming demonstrations, participating in the Goa Agricultural Initiative and launching our mobile app.

Research and development

Our Company has established four advanced agricultural development laboratories at Pune, Solapur, Tirupati and Bengaluru. These laboratories help farmers in realising the full potential of their land and water resources. Our Company also provides solutions to the farmers in the form of 'soil health cards' based on the analysis conducted on the soil and samples collected from individual fields.

Competition

The Indian fertiliser industry is very competitive and includes a number of well-established market participants. Our position in relation to our competitors will depend upon effective marketing initiatives, retail distribution, product mix and our ability to anticipate and respond to various competitive factors facing the industry, including pricing strategies by competitors, our ability to source raw materials cost effectively and from high-quality supply sources, make required investments to improve our distribution network, eliminate redundancies and increase production at low-cost. We also believe in investing in our brand equity consistently to build a differentiated value proposition. For further information, see "*Risk Factors*" on page 16.

Insurance

We obtain specialised insurance for manufacturing risks, statutory liabilities and third-party liabilities. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business at reinstatement values.

Our insurance policies consist of coverage for loss, destruction and damage to the following, including but not limited to machinery at factory premises, tanks, stocks, etc., located at the various factory premises of the Company. Our insurance policies also cover loss, destruction and damage to the various properties of the Company arising out of natural calamities such as earthquakes and floods.

In addition, we maintain a standalone terrorism policy which covers all physical loss or damage caused to real and personal property of every kind due to an act of terrorism. We also maintain a separate policy which covers any damage or loss on stock of finished goods or fertilisers due to fire, lightning, explosion or implosion. We maintain a liability insurance policy, as mandated under the Public Liability Insurance Act, 1991 in order to indemnify us against statutory liability arising out of accidents occurring due to the handling of hazardous substances. We also maintain a public liability policy for industrial risks which will indemnify us against any legal liability (other than the liability under the Policy Liability Insurance Act, 1991) to pay compensation including claimant's costs, fees and expenses anywhere in India.

Employees

As of September 30, 2018, we employed over 2,773 permanent employees at our facilities in India.

Health, safety and environment

In line with our Company's policy to improve the surrounding environment, we have installed and commissioned a continuous online ambient air quality monitoring station. Our Company has also installed a reverse osmosis unit for the treatment of waste water and recovery of treated water from it. Our Company conducts community awareness programs pertaining to the dos and don'ts in the event of any abnormal plant operations. The Company conducts mock fire and safety drills as a part of the disaster management plan.

Our material properties

Our Company’s registered office located at Jai Kisaan Bhawan, Zuarinagar, Goa and its marketing office located at Unit 206, 2nd Floor, Matrix, Pune is owned by our Company while our Company’s corporate office, located at Zuari Agro Chemicals Limited 5th Floor, Global Business Park, Tower A, M. G. Road, Sector 26, Gurugram, is held on a leasehold basis from Texmaco Infrastructure Holdings Limited. The manufacturing facilities located at Goa and Chilamattur, Andhra Pradesh are owned by our Company and the manufacturing facilities located at Baramati and Mahad, in Maharashtra are on a long term lease from the Maharashtra Industrial Development Corporation. Further, the processing plant at Medchal, Rangareddy is on a three year lease from Satyapal Reddy, the manufacturing facility located at Mangalore in Karnataka is owned by MCFL and the manufacturing facility located at Bhubaneshwar in Orissa is on freehold and leasehold lands from three villages namely, Sandhakuda, Bhitargarh and Udaychandpur.

Our intellectual property rights

We own the trademarks to our names and offerings including, amongst others, “*Jai Kisaan*” and “*Mangala*” in certain classes in India. For further details, see “*Government and Other Approvals*” on page 333.

Further, the trademark and corporate logo ‘Adventz’ is registered with the Registrar of Trademarks in India in the name of our group company, Adventz Industries India Limited. The trademark was licensed to us for use by way of a Trademark License Agreement dated August 21, 2017, which expired on March 31, 2018. The term of the agreement was extended to March 31, 2020 vide extension letter dated March 31, 2018.

Corporate social responsibility (“CSR”)

We have built sustainable and effective CSR initiatives that are vital towards fulfilling critical societal need gaps in the communities we operate in. We also believe that we have a larger responsibility towards making a difference within our industry and also society at large. We are committed to the well-being of India’s agricultural community and dedicated to the well-being of not only the individual farmer but his family and his community as well. Our initiatives include providing public utility services, skills development, promotion of rural development and undertaking watershed development, etc. Our CSR Committee discusses and reviews the CSR activities and CSR policy.

REGULATIONS AND POLICIES

The following description is a summary of the relevant sector specific laws, regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to our business and operations in India. The information detailed below has been obtained from various legislations including rules and regulations promulgated by regulatory bodies. The description of laws and regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and neither designed nor intended to substitute professional legal advice. Further, the statements below are based on the current provisions of Indian law, and remain subject to judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Industry Specific Law

Pricing policy

Urea

Urea is sold to farmers at subsidized rates/fixed maximum retail price ("**MRP**"). On August 7, 2018, the Government of India, Ministry of Chemicals and Fertilisers revised the MRP of urea to ₹5,378/MT (exclusive of the central excise duty, central sales tax, countervailing duty, the sales tax and local taxes wherever levied, whether at the retail sales point or at an intermediate stages). The revised MRP has been effective from August 7, 2018. In May 2015, GOI made it mandatory to neem coat urea, for which MRP can be increased by 5%.

Complex fertilisers

The MRP of complex fertilisers has been left open and fertiliser manufacturers are allowed to fix the MRP at reasonable rates. However, the reasonableness of the rates continues to be under the scrutiny of the Government of India, Ministry of Chemicals and Fertilisers, Department of Fertilisers ("**DOF**"). It has, thus, been mandatory for all fertiliser companies to submit, along with their claims of subsidy, certified cost data for the purpose of monitoring. Fertiliser companies are also required to upload MRP of complex fertilisers on daily basis in FMS before dispatch of material.

Product Subsidy policy

Urea

On May 25, 2015, the DOF notified the New Urea Policy – 2015 for urea manufacturing units with effect from June 01, 2015, till March 31, 2019. Under this policy, our Goa plant has been classified as a Group-III unit, while the MCFL plant at Mangalore is yet to receive pipeline connectivity to be able to be categorised under Group -III unit.

The difference between the concession price (cost plus normative return) and the MRP is paid as subsidy/concession to manufacturers.

Some of the key benefits/conditions applicable to our Company are as follows:

(a) For the fiscal 2015-16 (from June 1, 2015), 2016-17 and 2017-18, the revised energy norms would be the simple average of pre-set energy norms under the older NPS-III regime (being 7.308 Gcal / MT Urea for our Goa plant) and the average actual energy consumption achieved during the years 2011-12, 2012-13 and 2013-14, or the pre-set energy norms under NPS-III, whichever is lower. However, the units which have converted to gas from Naphtha, such as our Company, will continue to get saving on energy consumption over the pre-set norms of NPS III to recover their investments for conversion from Naphtha to Natural Gas. Based on data acquired from our facility, the DOF, in consultation with Department of Expenditure, shall work out the period for which the existing pre-set energy norms will be allowed, which shall not be more than five years from the date of conversion so that each unit may be in position to recover the investment with interest thereon from energy savings.

(b) The energy consumption norm for Group-III for FY 2018-19 would be 6.5 Gcal/MT. On March 28, 2018, the said energy norm as applicable to our Company and 13 other urea manufacturing units was extended by the DOF for a further period of two years, that is, till March 31, 2020. This downward revision as well as its extension has eased the energy consumption requirement for our Company.

(c) A special compensation of ₹150/MT is paid to gas-based urea facilities such as ours, which have converted to gas from Naphtha and are more than 30 years old. Our Company received special compensation from April 1, 2014.

(d) The cost of bags is reimbursed based on the moving weighted average cost of bags over the last three years;

(e) An amount representing the lesser of: (a) ₹350/MT or (ii) an amount which represents the actual increase in (a) salary and wages; (b) contract labour; (c) selling expenses; and (d) repair and maintenance during the year 2012-13 compared to the year 2002-03, will be paid if there was an increase in fixed costs due to any of the abovementioned components;

(f) The lesser of: (i) a minimum fixed cost of ₹2,300/MT or (ii) actual fixed cost prevailing during fiscal 2012-13, whichever is lower after taking into account the compensation in (e) is to be paid. Though such clause exists in DOF notification dated April 2, 2014, our Company has continued to account additional ₹350 PMT towards increase in fixed cost. Our Company received compensation from April 1, 2014.

(g) For production beyond the re-assessment capacity during fiscal 2017-18, units will be entitled to their respective variable cost and a uniform per MT incentive, equal to the lowest of the per MT fixed costs of all the indigenous urea units, subject to import parity price, other incidental charges which the Government incurs on the import of urea, and weighted average the Government levies per MT of urea paid by the urea manufacturing units.

Freight subsidy for urea

In July 2008, the DOF notified the Uniform Freight Policy under the subsidy scheme for urea and laid down the payment guidelines for primary and secondary freight. Some of the key benefits derived under this policy include:

(a) Transportation from the plant/port through railway is reimbursed for the actual expenditure incurred; and
(b) Secondary movement of fertilisers, i.e., road transportation from the railway rake point to block or directly from the plant to the block being is computed based on average lead distance for the district and subsidy is granted on the basis of average per kilometre rates adopted by the Fertiliser Industry Coordination Committee.

Primary freight subsidy for direct road movement, the maximum allowable distance being 500 kilometres, is paid at the lower of the following:

(a) Freight amount calculated for the month based on normative slab rates on a MT/KM basis, as notified by the DOF from time to time;
(b) The actual expenditure incurred during the month, as certified by the Company's statutory auditors.

Special compensation on account of secondary movement is granted for certain difficult areas, such as Sikkim and Jammu and Kashmir.

Additionally, the DOF has recently allowed for the grant of subsidy for the movement of fertilisers through coastal and inland water ways. Accordingly, primary movement will refer to movement by rail, inland water ways and/or coastal shipping or by any or two or all three modes of transport from plant /port to various rake points of districts.

Complex fertilisers

On March 4, 2010, DOF implemented the first phase of nutrient based subsidy ("NBS") for complex fertilisers such as phosphatic and potassic fertilisers ("P&K Fertilisers"). The NBS paid on each nutrient namely, nitrogen ("N"), Phosphate ("P"), Potash ("K"), Sulphur ("S") is decided annually by the DOF and is converted into subsidy per tonne for each subsidized fertiliser. The DOF, by way of an office memorandum, prescribes the NBS for each Fiscal.

Any variant of the subsidized complex fertilisers covered under the NBS policy and fortified / coated with Boron and Zinc is granted additional per tonne subsidy.

Freight for complex fertilisers

Under the NBS, freight for the movement and distribution of the decontrolled fertilisers by rail and road is being provided and therefore the manufacturers/ importers (except in case of Single Super Phosphates) have been allowed to claim freight from April 1, 2010 to December 31, 2010, based on the railway receipts (the Primary Movement being by rail from the plant or the port to various rake points), secondary freight (the Secondary Movement being from rake point to districts) was assumed to be part of the fixed subsidy. Freight reimbursement on account of direct road movement, was made payable as per the actual claim subject to the equivalent rail freight up to a maximum of 500 kilometres. The rates for reimbursement of freight for direct road movement from April 1, 2012 are as under:

Movement (K.M.)	**Rates in ₹ per MT**
Up to 100	130
101-200	224
201-300	316
301-400	407
401-500	500

Further, with effect from April 1, 2012, freight subsidy for P&K Fertilisers is as under:

a) Freight on account of Primary Movement of all P&K Fertilisers (except SSP) is reimbursed on the basis of actual rail freight, as per the railway receipts.
b) No reimbursement on account of Secondary Movement of all P&K Fertilisers (including SSP), is provided.
c) Freight subsidy for Direct Road Movement of all P&K Fertilisers (excluding SSP) is reimbursed as per the actual claims subject to equivalent rail freight to be announced by DOF time to time. However, the maximum allowable distance under the direct road movement shall be 500 KMs.
d) Special compensation on account of Secondary Movement for all P&K Fertilisers (except SSP) is provided for difficult areas namely Himachal Pradesh, Uttarakhand, Sikkim, Jammu and Kashmir, seven North Eastern states and Andaman and Nicobar Islands.

Process of release of subsidy

In the Union budget speech for FY 2016-17, the implementation of direct benefit transfer (“DBT”) of subsidies on a pilot basis in 16 districts of the country was announced. This was followed by the roll out of the DBT on a pan-India basis with effect from February 1, 2018. Under the DBT scheme, fertilisers are sold at subsidized MRP to the farmers. Such grant of subsidy to our Company is computed on a weekly basis, based on actual sales captured on point of sale (“POS”) machines installed at the retailer’s facility. All fertiliser sales transactions are done through such POS machines. The manufacturer is then, entitled to raise a weekly subsidy claim which is paid by the Government on behalf of the farmer, directly to the manufacturer. Therefore, while formerly, the subsidy was paid to the manufacturer on basis of “receipt of fertilisers at districts/retailers”, under the proposed DBT scheme, subsidy would be paid based on “actual sales” captured on POS machines.

Neem Coated Urea

By a notification dated May 25, 2015, the DOF made it mandatory for all the indigenous producers of urea to produce 100% of their total production of subsidised urea as neem coated urea.

The Essential Commodities Act, 1955 (“EC Act”)

The EC Act provides for the regulation and control of production, supply, distribution and pricing of commodities which are declared as essential, for maintaining or increasing supplies or for securing their equitable distribution and availability at fair prices. Under the EC Act, food crops, fruits and vegetables, cattle fodder, raw jute and cotton seeds are categorized as essential commodities. The Seeds Control Order, 1983 (as discussed below) has been notified pursuant to the provisions of the EC Act for regulating the distribution of seeds.

The Seeds Act, 1966 (“Seeds Act”)

The Seeds Act regulates the quality of certain seeds for sale, and related matters. The Seeds Act provides the Central Government with the power to declare certain kinds or varieties of seeds as a notified kind or variety, for the purpose of regulating the quality of any kind or variety of seed to be sold. Further, different kinds or varieties maybe notified for different states or for different areas thereof. The Seeds Act empowers the Central Government to prescribe (i) minimum limits of germination and purity with respect to any notified kind or variety of seed and (ii) the particulars which the mark or label should contain to indicate that such seed conforms to the minimum limits of germination and purity. No person is permitted to carry on the business of selling, keeping for sale, offering for sale, bartering or otherwise supplying any seed of any notified kind or variety unless (a) such seed is identifiable as to its kind or variety, (b) such seed conforms to the minimum limits of germination and purity as prescribed by the Central Government, and (c) the container of such seed bears in the prescribed manner, the mark or label containing the correct particulars thereof as specified under the Seeds Act and (d) other prescribed requirements are complied with.

Under the Seeds Act, any person selling, keeping for sale, offering for sale, bartering or otherwise supplying any seed of the notified kind or variety of seeds may apply for certification to the certification agency established by the Central Government or State Government.

The Seeds Rules, 1968 ("Seeds Rules")

The Seeds Rules contain provisions for the implementation of the provisions of the Seeds Act. The Seeds Rules classify seeds into three classes, namely, foundation seeds, registered seeds and certified seeds, and lay down standards for each class. The Seeds Rules define a "certified seed" as a seed that fulfils all requirements for certification under the Seeds Act and the Seeds Rules, and on the container of which, the certification tag is attached. The container in which the certified seed is sold or supplied must contain a certification tag. The certification tag is to be specified by the certification agency and shall constitute the certificate granted by a certification agency. A 'certified seed producer' is defined under the Seeds Rules as a person who grows or distributes certified seed in accordance with the procedure and standards of the certification agency. Under the Seeds Rules, every label or mark is required to specify among others, (i) the particulars as specified under the Seeds Act, (ii) a correct statement of the net content in terms of weight and expressed in metric system, (ii) the date of testing, and (iii) if the seed has been treated, then a statement indicating that the seed has been treated by a commonly accepted chemical or provide the abbreviated chemical (generic) name of the applied substance and a precautionary statement such as "do not use for food, feed or oil purposes' if the substance of the chemical used is harmful to human beings or other vertebrae animals or 'poison' displayed prominently in type, size and red if it contains mercurial or similar toxic substances, (iv) the name and address of the person who offers for sale, sells or otherwise supplies the seeds and who is responsible for its quality and (v) the name of the seed as notified under the Seeds Act. It is the responsibility of the person whose name appears on the mark or label on the container to ensure the accuracy of the information required to appear on the mark or label so long as it is in an unopened original container. The procedure for providing seed samples has also been laid down by the Seeds Rules, wherein containers must bear, amongst other things, (i) serial number, (ii) date and place of taking sample, (iii) kind and variety of seed for analysis. The Seeds Rules prescribe that no person shall sell, keep for sale, offer to sell, barter or otherwise supply any seed of any notified kind or variety, after the date recorded on the container, mark or label. This date shall be the date up to which, the seed is expected to retain the germination, and should not be less than the minimum limits of germination and purity prescribed under the Seeds Act. Further, the Seeds Rules, among others prescribe the following requirements on a person engaged in the business of sale of seeds: (a) such person shall not alter, obliterate or deface any mark or label attached to the container of any seed and (b) such person should maintain a complete record of each lot of seeds sold for a period of three years, except that any seed sample may be discarded one year after the entire lot represented by such sample has been disposed of.

The Seeds (Control) Order, 1983

The Seeds Control Order issued under the EC Act requires every person carrying on the business of selling, exporting or importing seeds, including but not limited to, those of a notified kind or variety, to obtain a licence under the Seeds Control Order and to sell, export, or import seeds in compliance with the terms and conditions of such license. Every license granted under the Seeds Control Order is valid for a period of three years unless previously suspended or cancelled. Any person/persons desiring to obtain a licence for selling, exporting or importing of seeds should make an application in duplicate in the prescribed form, together with the prescribed fee to the licensing authority. The Seeds Control Order empowers the Central Government to appoint a 'controller of seeds' to regulate the sale and distribution of seeds. The controller of seeds is empowered to direct a producer or dealer to sell or distribute any seed in a manner specified by him by an order, in writing, if he is of the opinion that such a direction is necessary in public interest. Further, the State Government is empowered under the Seeds Control Order to appoint inspectors for securing compliance with the Seeds Control Order. Pursuant to the Seeds Control (Amendment) Order, 2006, every dealer of seeds in notified kind or variety or other than notified kind or variety of seeds shall ensure that the standards of quality of seeds claimed by him shall conform to the standards prescribed for the notified kind or variety of seeds under Section 6 of the Seeds Act, 1966 (54 of 1966) and any other additional standards relating to size, colour and content of the label as may be specified.

The Seeds Bill, 2011 ("Seeds Bill")

The Seeds Bill, first introduced in 2004, applied to every dealer and every producer of seeds unless the seed is produced by him for personal use. Any sale of seed of any variety, except the farmer's variety, is permissible only if the seed is registered by the Registration Sub-Committee constituted under the Seeds Bill upon receipt of an application made in this behalf. Where a registered seed is sold to a farmer, the producer, distributor or vendor, as the case may be, is required to disclose the expected performance of such kind or variety under given conditions and, upon failure to do so, the farmer may claim such compensation as may be determined by a committee constituted for this purpose. The Seeds Bill further provides penalties for various contraventions such as importing, selling, stocking or otherwise supplying any seed of any kind or variety which is deemed to be misbranded or which is not registered.

National Seeds Policy, 2002 ("Seeds Policy")

The Seeds Policy envisages creation of an appropriate climate for the seed industry to make use of available and prospective opportunities, safeguarding of the interests of Indian farmers so that they are not exploited by unscrupulous dealers, conservation of agro-biodiversity, and provision of quality assurance mechanisms.

New Policy on Seed Development, 1988

The New Policy on Seed Development, 1988 aims at encouraging seed production on commercial lines so as to promote a spirit of competition and generate employment, and providing to the Indian farmer the best planting materials available in the world to increase productivity. It places special emphasis on a time-bound programme to strengthen and modernise plant quarantine facilities, effective observance of procedures for quarantine, incentives to encourage the domestic seed industry, and import of, *inter alia,* seeds of coarse cereals, pulses, oil seeds, vegetable and flower seeds, and seeds and planting material of fruits.

The Insecticides Act, 1968 ("Insecticides Act")

The Insecticides Act regulates the import, manufacture, sale, transport, distribution and use of insecticides, with a view to preventing risk to human beings, animals and other matters connected therewith. The definition of insecticides includes fungicides and weedicides. Any person who desires to import or manufacture any insecticide is required to apply to the registration committee, established under the Insecticides Act, for the registration of such insecticide. The functions of the registration committee include registering insecticides after scrutinizing their formulae and verifying claims made by the importer or the manufacturer, as the case may be, as regards their efficacy and safety to human beings and animals; and perform such other functions as are assigned to it. Any person who desires to manufacture or sell, stock or exhibit for sale or distribute any insecticide, or to undertake commercial pest control operations with the use of any insecticide may make an application to the licensing officer for the grant of a license under the Insecticides Act. Our Company is also required to comply with the guidelines, regulations and rules issued by the Control Insecticide Board ("CIB"). The license granted under the Insecticides Act may be revoked or suspended or cancelled in accordance with the provisions of the Insecticides Act. Additionally, in the event of violation of the provisions of the Insecticides Act, the same shall constitute an offence, for which a person may be penalized, imprisoned or both.

The Insecticides Rules, 1971

The Central Government, in exercise of the powers conferred by Section 36 of the Insecticides Act, and upon consultation with the CIB, promulgated the Insecticides Rules, 1971 ("Insecticides Rules"), which assigns functions to the CIB in addition to those assigned under the Insecticides Act. The Insecticides Rules make detailed provisions for the manufacture and/or sale of insecticides, inter alia, the registration of insecticides, grant of license to manufacture insecticides and specifications relating to packaging, transportation and labelling of insecticides and the appointment, powers, duties and functions of insecticide analysts and inspectors.

Insecticides (Price, Stock Display and Submission of Reports) Order, 1986 ("Insecticides Order")

The GoI, under the powers conferred to it under Section 3 of the EC Act, has wide powers to regulate the manufacturing requirements pertaining to packaging, and display of stock prices. Under the Insecticides Order. every manufacturer or dealer who proposes to make a retail sale of any insecticide is required to display in his place of business the quantities of stock of different insecticides held by him on daily basis and their respective rates. The order has also prescribed conditions for maintenance of records and submission of returns as directed by the Controller of Insecticides.

The Pesticides Management Bill, 2017 ("Pesticides Bill")

The Pesticides Bill attempts to regulate the import, manufacture, export, storage, sale, transport,
distribution, quality and use of pesticides for controlling pests, ensuring availability of quality pesticides, allowing their use only after assessing their efficacy and safety, minimizing the contamination of agricultural commodities by pesticide residues, and creating awareness among users regarding safe and judicious use of pesticides. Any person desirous of importing, manufacturing or exporting any pesticide is required to apply to the Registration Committee for its registration.

The Fertiliser (Control) Order, 1985 ("Fertiliser Order")

The GoI, under the powers conferred to it under Section 3 of the EC Act, has been granted wide powers to regulate the trade in fertilisers across India, under which they notified the Fertiliser Order. As per the Fertiliser Order, no person shall sell or carry on the business of selling fertiliser without obtaining prior permission of the State Government. The State Government has the power to issue license for trading in fertilisers for a period of three years, which may be renewed, suspended or cancelled at its discretion. Further, the State Government also has the power to issue a certificate of manufacture, without which, no person can carry on the business of manufacture of fertilisers. The Fertiliser Order also prescribes certain standards that are required to be followed during the manufacture of fertilisers. No person can manufacture, import or sell any mixture of fertilisers unless such mixture conforms to the standards laid down by the Government of India vide the Fertiliser Order. Further, the GoI has the power to regulate prices, and to direct manufacturers/importers to sell fertilisers to particular States, in order to ensure fair and equitable access to farmers across India.

Fertiliser (Movement Control) Order, 1973 ("FM Order")

The Government of India under the powers conferred to it under Section 3 of the Essential Commodities Act, 1955 has been granted wide powers to regulate the export of fertilisers, under which it notified the FM Order. It prohibits the export of any fertiliser of which allocation is made by the Government of any State. The FM Order also prescribes conditions for the search and seizure of fertilisers.

*The Static and Mobile Pressure Vessels (Unfired) Rules, 1981 ("SMPV Rules")_*

The SMPV Rules regulate the manufacture, filling, delivery and repair to pressure vessels. Under the SMPV Rules, licenses are required to be obtained for storage and transportation of compressed gas. The SMPV Rules also prescribe conditions under which the licenses can be amended, renewed, suspended or cancelled.

Petroleum Act, 1934

The Petroleum Act, 1934 regulates the import, transport, storage, production, refining and blending of petroleum. As per the Petroleum Act, 1934, no one shall import, transport or store any petroleum except in accordance with the rules framed under it. The Central Government has been empowered to frame rules in this regard. The Central Government may authorize any officer to inspect and take sampling of petroleum. Under the Petroleum Rules, 2002, no person is allowed to deliver or dispatch any petroleum to anyone in India unless he is the holder of a storage licence issued thereunder.

Environmental Laws

Environment Protection Act, 1986 ("Environment Protection Act")

The Environment Protection Act functions as an 'umbrella' legislation, designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs, or is apprehended to occur, due to any accident or other unforeseen act, the person responsible for such discharge, and the person in charge of the place at which such discharge occurs, or is apprehended to occur, is bound to prevent or mitigate the environmental pollution caused as a result of such discharge. He should intimate the fact of such occurrence or apprehension of such occurrence, and is bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

In the exercise of powers conferred under the Environment Protection Act, the Central Government has framed the Environment (Protection) Rules, 1986, as amended ("Environment Rules"). Pursuant to the Environment Rules, every person who carries on an industry, operation or process requiring under Water Act or Air Act or shall submit to the concerned state pollution control Board, an environmental statement for that fiscal in the prescribed form.

Air Prevention and Control of Pollution Act, 1981 ("Air Act")

The Air Act aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. The central pollution control board and state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Not all provisions of the Air Act apply automatically to all parts of India, and the state pollution control board must notify an area as an "air pollution control area" before the restrictions under the Air Act apply.

Water Prevention and Control of Pollution Act, 1974 ("Water Act")

The Water Act aims to prevent and control water pollution and to maintain or restore water purity. The Water Act provides for one central pollution control board, as well as various state pollution control boards, to be formed to implement its provisions. Under the Water Act, any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the prior consent of the relevant state pollution control board.

Additionally, the Water (Prevention and Control of Pollution) Cess Act, 1977 ("Water Cess Act") requires a person carrying on any operation or process, or treatment and disposal system, which consumes water or gives rise to sewage effluent or trade effluent, other than a hydel power unit, to pay a cess in this regard. The cess to be paid is to be calculated on the basis of the amount of water consumed by such industry and the industrial purpose for which the water is consumed, as per the rates specified under the Water Cess Act.

Environment Impact Assessment Notifications

On September 14, 2006, the Environmental Impact Assessment Notification S.O. 1533 ("2006 Notification") superseded the 1994 Notification. Prior approval of the MoEF, Government of India, or State Environment Impact Assessment Authority ("SEIAA"), as the case may be, is required for the establishment of any new project and for the expansion or modernization of existing projects specified in the 2006 Notification. Under the 2006 Notification, obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal. An application for environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the SEIAA may not require an Environment Impact Assessment Report (the "EIA Report"). For projects that require preparation of an EIA Report public consultation involving both public hearing and written response is conducted by the state PCB. The appropriate authority makes an appraisal of the project only after a final EIA Report is submitted addressing the questions raised in the public consultation process.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the "Hazardous Waste Rules")

The Hazardous Waste Rules are to be read with the Environment Protection Act. The term "hazardous waste" has been defined in the Hazardous Waste Rules and any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an "occupier". Furthermore, in terms of the Hazardous Waste Rules, the occupier has been, inter alia, made responsible for safe and environmentally sound handling of hazardous wastes generated in his establishment and shall require license/authorisation for generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or the like of the hazardous waste from the State Pollution Control Board.

The Manufacturing, Storage & Import of Hazardous Chemicals Rules, 1989 ("MSIHC Rules")

The MSIHC Rules, as amended in the year 2000, stipulate that an occupier in control of an industrial activity has to provide evidence for having identified the major accident hazards and taking adequate steps to prevent such major accidents and to limit their consequences to persons and the environment. Further, the occupier has an obligation to show that he has provided necessary information, training and equipment including antidotes to the persons working on the site to ensure their safety. Also, the occupier is under an obligation to notify the concerned authority on the occurrence of a major accident on the site or pipeline within 48 hours.

Public Liability Insurance Act, 1991 ("Public Liability Act")

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

Labour Laws

We are subject to various labour laws for the safety, protection, condition of working, employment terms and welfare of labourers and/or employees of our Company.

India has stringent labour related legislation. We are required to comply with certain labour and industrial laws, which includes the Industrial Disputes Act 1947, the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act 1965, The Industrial Employment (Standing Orders) Act, Shops and Establishments legislations of the relevant state, Factories Act, 1948, The Contract Labour (Regulation and Abolition) Act, 1970, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972, the Payment of Wages Act, 1936, the Employees' State Insurance Act, 1948, the Equal Remuneration Act, 1976, the Maternity Benefits Act, 1961, Dock Workers (Safety, Health & Welfare) Act, 1986 and the Factories Act, 1948, amongst others.

Intellectual Property Rights

The Trade Marks Act, 1999 ("Trade Marks Act")

The Trade Marks Act allows registration of trade marks for goods and services, which gives the right of exclusive use of the trade mark to the owner thereof and enables the owner to prevent its fraudulent use.

The Patents Act, 1970 ("Patents Act")

The Patents Act has been enacted to protect inventions by giving the owner of the patent the exclusive right to make, use, exercise, distribute and sell a patented invention. An application in this behalf may be made by any person claiming to be the true and first inventor of the invention, or an assignee thereof, or by the legal representative of any deceased person who was entitled to make such an application immediately before his death.

The Copyright Act, 1952 ("Copyright Act")

The Copyright Act provides for copyright protection in respect of original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. While registration under the Copyright Act is not mandatory for acquiring or enforcing a copyright, the same creates a presumption as to ownership in favour of the registered owner.

Other Laws

The Explosives Act, 1884 ("Explosives Act")

The Explosives Act regulates the manufacture, possession, use, sale, transport and importation of the explosives. The Central Government may, for any part of India make rules consistent with the Explosives Act to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use, sale, transport, import and export of explosives, or any specified class of explosives. Where a person makes an application for license under the Explosives Act, the authority prescribed thereunder after making such inquiry, if any as it may consider necessary, shall, subject to the other provisions of the Explosives Act, by an order in writing, either grant license, or refuse to grant the same. The licensing authority shall grant a license where it is required for the purpose of manufacture of explosives if the licensing authority is satisfied that the person by whom license is required possesses technical know-how and experience in the manufacture of explosives or where it is required for any other purpose, if the licensing authority is satisfied that the person by whom such license is required has a good reason for obtaining the same. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Explosives Act.

The Indian Boilers Act, 1923 ("Boilers Act")

The Boilers Act states that the owner of any boiler (as defined therein), which is wholly or partly under pressure when is shut off, shall under the provisions of the Boilers Act, apply to the Inspector appointed thereunder to have the boiler registered which shall be accompanied by prescribed fee. The certificate for use of a registered boiler is issued pursuant to such application, for a period not exceeding twelve months, provided that a certificate in respect of an economiser or of an unfired boiler which forms an integral part of a processing plant in which steam is generated solely by the use of oil, asphalt or bitumen as a heating medium may be issued for a period not exceeding twenty-four months in accordance with the regulations made under Boilers Act. On the expiry of the term or due to any structural alteration, addition or renewal to the boiler, the owner of the boiler shall renew the certificate by providing the Inspector all reasonable facilities for the examination and all such information as may reasonably be required of him to have the boiler properly prepared and ready for examination in the prescribed manner.

Consumer Protection Act, 1986 ("CPA")

The CPA has been enacted for the protection of the interests of the consumers against unfair trade practices as well as deficiencies and defects in goods and services. For this purpose, it makes provisions for the establishment of consumer councils and other authorities for the settlement of consumers' disputes. The Consumer Protection Bill, 2018 seeks to replace the CPA and allows a consumer who has suffered from an injury arising from the defects or deficiencies in the availed goods or services, as the case may be, to file a claim of product liability against the manufacturer, the seller or the service provider.

Bureau of Indian Standards Act, 2016 ("BIS Act")

The BIS Act establishes the Bureau of Indian Standards for the purposes of standardization, marketing and certification of articles and processes. A person may apply for grant of licence or certificate of conformity, as the case may be, if the goods, article, process, system or service conforms to an Indian Standard. Some of the functions of the Bureau are establishing, publishing, reviewing and promoting the Indian standards, adopting as an Indian Standard, any standard, established by any other Institution in India or elsewhere, and specifying a standard mark which shall be of a certain design and shall represent an Indian standard.

Food Safety and Standards Act, 2006 ("FSS Act")

The FSS Act lays down standards for articles of food, regulates their manufacture, storage, distribution, sale and import, and ensures availability of safe and wholesome food for human consumption. Any person desirous of carrying on any food business is required to make an application for grant of a license to the designated officer. The FSS Act, *inter alia,* provides penalty for selling food which is not of the nature or substance or quality demanded, manufacturing, storing, selling, distributing or importing a sub-standard food article, and publishing a false or misleading advertisement in respect of the food article.

Legal Metrology Act, 2009 ("Legal Metrology Act")

The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. It does so by requiring any person who manufactures, repairs or sells, or offers, exposes or possesses for repair or sale, any weight or measure, to obtain a license issued by the Controller of Legal Metrology. The key features of the Legal Metrology Act are (a) appointment of Government approved test centres for verification of weights and measures; (b) allowing the companies to nominate a person who will be held responsible for the conduct of the business of our Company; and (c) simplified definition of pre-packaged commodity and more stringent punishment for violation of provisions.

Electricity Act, 2003

The Electricity Act is the central legislation which covers, among others, generation, transmission, distribution, trading and use of electricity. The Electricity Act imposes a variety of obligations on our Company. These include, (i) appointing a designated person who shall periodically inspect electrical installation, and get them tested; (ii) making an application for permission to commence or recommence supply of electricity from an electric installation; and (iii) formulating an on-site emergency management plan for a thermal generating plant, hydro-electric generating plant, or sub-station.

Shops and Commercial Establishments Acts ("SCE")

The SCE enactments of different states regulate, *inter alia*, the conditions of work and the number of days of leave in shops and commercial and other establishments.

In addition to the above, our Company is also required to comply with the provisions of the Companies Act, 2013, Companies Act, 1956, to the extent applicable, and rules framed thereunder and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations. Our Company is also subject to various central and state tax laws.

HISTORY AND OTHER CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as ‘Zuari Holdings Limited’, a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated September 10, 2009 issued by the RoC and received a certificate of commencement of business from the RoC on December 31, 2009.

Subsequently, Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited) (“**ZACL**”) and Zuari Industries Limited (now known as Zuari Global Limited) (“**ZGL**”) and their respective shareholders and creditors filed the Scheme of Arrangement and Demerger. Pursuant to the Scheme of Arrangement and Demerger, the fertiliser undertaking of ZGL was transferred and vested in ZACL. The appointed date for the Scheme of Arrangement and Demerger was July 1, 2011 and subsequent to its approval by the High Court of Bombay at Goa vide its order dated March 2, 2012, the provisions of the Scheme of Arrangement and Demerger were applicable from July 1, 2011. Pursuant to the Scheme of Arrangement and Demerger, the name of our Company was changed from Zuari Holdings Limited to its present name ‘Zuari Agro Chemicals Limited’, pursuant to a fresh certificate of incorporation issued by the RoC on September 28, 2012.

Thereafter, the National Company Law Tribunal, vide an order dated September 14, 2017, sanctioned the Scheme of Amalgamation amongst Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Speciality Fertilisers Limited (together the “**Erstwhile Subsidiaries**”) and their respective shareholders and creditors, under Section 391 to 394 of the Companies Act, 1956. Pursuant to the Scheme of Amalgamation, the Erstwhile Subsidiaries were amalgamated with our Company with effect from November 13, 2017. The appointed date for the Scheme of Amalgamation was April 1, 2015.

Change in registered office of our Company

There has been no change in the registered office of our Company since incorporation.

Change in the name our Company

The details of change in the name of our Company since incorporation are given below:

Effective date	Details of change	Reasons for change
September 28, 2012	The name of our Company was changed from Zuari Holdings Limited to Zuari Agro Chemicals Limited	To reflect the change in the activities of our Company in our name pursuant to the Scheme of Arrangement and Demerger

Main Objects as set out in the Memorandum of Association of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

1. *“To manufacture, produce, refine, process, formulate, mix or prepare, mine or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge, buy, sell, exchange, distribute, assign, transfer or otherwise dispose of, trade, deal in and deal with, import and export any and all classes and kinds of fertilisers, organic fertilisers, inorganic fertilisers, agricultural chemicals, manures, their mixtures and formulations and any and all classes and kinds of chemicals, source materials, ingredients, mixtures derivatives and compounds thereof, and any and all kinds of products of which any of the foregoing constitutes an ingredient or in the production of which any of the foregoing is used, including but not limited to water soluble fertilisers and agricultural and industrial chemicals of all kinds, and industrial and other preparations or products arising from or required in the manufacture, refining etc., of any kind of water soluble fertilisers, fertiliser, manure, their mixtures and formulations.*

2. *To purchase, acquire, own, take lease and operate any land including agricultural land, farms, fields or to vest any real or personal property, rights or interests acquired by or belonging to the company in any person or company on behalf or for the benefit of the Company, for setting up of and engage in research and development centres, research stations, laboratories, green houses, processing centres for the purpose of development and improvement of the products including any poultry, animal products, sea foods, vegetables,* *fruits and fruit products and to use the acquired or leased land, for agricultural purposes including making land fit for cultivation, cultivation of land, improvement of land, development of sources of irrigation, raising and harvesting of crops, horticulture, forestry, planting and farming, cattle breeding, animal husbandry, dairy farming, seed farming, pisciculture, apiculture, sericulture, piggery, poultry farming and such other activities as are generally carried in relation to agriculture, dairy farming, cattle breeding, poultry farming and other categories in similar activities including marketing of agricultural products, their storage and transport and the acquisition of implements and machinery in connection with any such activity, which is necessity for carrying the business of the company.*

3. *To carry on the business of manufacturers, producers, refiners, processors, miners, exporters, importers, buyers and sellers of, and dealers in and with all and any fats, dips, sprays, vermifuges, fungicides, insecticides, germicides, disinfecting preparations, fumigators, medicines and remedies of all kinds for agricultural, trees and fruit growing, gardening and other purposes and whether produced from vegetable, mineral, gaseous, animal or any other matters or substances by any process whether chemical, mechanical, electrical or otherwise."*

Amendments to the Memorandum of Association of our Company

The following amendments have been made to the MoA in the ten years preceding the date of this Draft Letter of Offer:

Date of Shareholders Resolution	Particulars
May 12, 2011	Clause V of the MoA was amended to reflect the increase in authorised share capital from ₹2,00,00,000 divided into 20,00,000 Equity Shares of ₹10 each to ₹12,61,80,000 divided into 1,26,18,000 Equity Shares of ₹10 each.
May 26, 2011	Clause V of the MoA was substituted to reflect the increase in authorized capital of our Company from ₹12,61,80,000 divided into 1,26,18,000 Equity Shares of ₹10 each to ₹42,05,80,060 divided into 4,20,58,006 Equity Shares of ₹10 each.
March 30, 2012	Alteration of the object clause of the MoA to adopt a new set of objects by replacing Clause III (A) pertaining to the main objects of our Company with a revised Clause III (A), adopting a new set of objects by replacing sub-clause 7, 11 and12 of Clause III (B) with a new set of sub-clause 7, 11(A), 11(B) and 12 of Clause III (B) and by further adding sub clauses 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61 and 62 of Clause III (B), along with sub clauses 73, 74, 75, 76, 77, 78, 79, 80 and 81 of Clause III (C) pertaining to objects incidental or ancillary to the main objects of our Company.
September 10, 2012	Pursuant to the order of the High Court of Bombay at Goa, approving the Scheme of Arrangement and Demerger, the fertiliser business of Zuari Global Limited was vested in our Company and to reflect the change in the activities of our Company in our name, the name of our Company was changed from 'Zuari Holdings Limited' to 'Zuari Agro Chemicals Limited'. Consequently, the name clause of the MoA was altered to reflect the change in name.
September 24, 2013	Alteration of the object clause of the MoA to insert new sub-clause 82, 83, 84 of Clause III(C) to the objects incidental or ancillary to the main objects of our Company.
September 11, 2014	Clause V of the MoA was substituted to reflect the increase in the authorised capital of our Company from ₹42,05,80,060 divided into 4,20,58,006 Equity Shares of ₹10 each to ₹65,00,00,000 divided into 6,50,00,000 Equity Shares of ₹10 each.
November 13, 2017	Clause V of the MoA was substituted to reflect the increase in the authorised capital of our Company from ₹65,00,00,000 divided into 6,50,00,000 Equity Shares of ₹10 each to ₹157,00,00,000 divided into 12,25,00,000 Equity Shares of ₹10 each and 3,45,00,000 preference shares of ₹10 each.

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Date	Events and milestones
September 10, 2009	Our Company was incorporated as a public limited company in the name of Zuari Holdings Limited.
March 21, 2012	Demerger of the fertiliser undertaking of Zuari Industries Limited (now known as Zuari Global Limited) into Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited) pursuant to the Scheme of Arrangement and Demerger approved by the High Court of Bombay at Goa vide its order dated March 2, 2012. The appointed date for the Scheme of Arrangement and Demerger was July 1, 2011 and the provisions of the scheme were applicable from July 1, 2011.

Date	Events and milestones
September 28, 2012	Our Company changed its name from Zuari Holdings Limited to Zuari Agro Chemicals Limited to reflect the change in the activities of our Company in our name, pursuant to the Scheme of Arrangement and Demerger.
March 27, 2014	Our Company acquired the 30% shareholding held by Zuari Industries Limited (now known as Zuari Global Limited) in MCA Phosphates Pte. Limited, a joint venture between Zuari Industries Limited (now known as Zuari Global Limited) and Mitsubishi Corporation. MCA Phosphates Pte. Limited, in turn, holds a 30% stake in Fosfatos del Pacifico S.A.,(an entity registered under the laws of Peru) for, *inter alia*, exploiting phosphate rock deposits.
November 3, 2014	Zuari Fertilisers and Chemicals Limited (the erstwhile subsidiary of our Company) in concert with our Company, United Breweries (Holdings) Limited, Kingfisher Finvest India Limited and Mcdowell Holdings Limited made an open offer to acquire upto 3,08,13,939 equity shares of MCFL of ₹10 each, representing 26% of the equity share capital of MCFL. Pursuant to this offer, the erstwhile Zuari Fertilisers and Chemicals Limited acquired 42,424 equity shares of MCFL representing 0.04% of the equity share capital of MCFL.
May 18, 2015	Zuari Fertilisers and Chemicals Limited (the erstwhile subsidiary of our Company) ("**ZFCL**") acting in concert with our Company made a voluntary open offer to acquire 3,07,00,000 equity shares of MCFL representing 25.90 % of the equity share capital of MCFL. The open offer was revised upwards by ZFCL and our Company to acquire 4,33,29,000 equity shares representing 36.56% of the voting capital of MCFL. Pursuant to this offer, ZFCL acquired 4,33,29,000 equity shares of MCFL, representing 36.56 % of the shareholding of MCFL on May 18, 2015. Post this offer, the shareholding of erstwhile Zuari Fertilisers and Chemicals Limited together with our Company in MCFL increased to 53.03% of the share capital of MCFL.
November 13, 2017	Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Speciality Fertilisers Limited, the erstwhile subsidiaries of our Company, merged into our Company pursuant to an order of the National Company Law tribunal, dated September 14, 2017, approving the Scheme Of Amalgamation, with effect from November 13, 2017. The appointed date for the Scheme of Amalgamation was April 1, 2015.

Awards, accreditations, certifications or recognitions

Our Company has received the following awards, accreditation, certifications and recognition:

Award	Category	Calendar year
Our Company, Adventz – Agri Business Group and Paradeep Phosphates Limited were recognised for their protect and sustain certification	International Fertiliser Association	2017
Our Company was awarded the runners-up award in the category 'Best Production Performance for an operating fertiliser unit for Nitrogen (Ammonia and Urea)'	Fertiliser Association of India	2017
Our Company was declared as the winner in the category 'Best production performance for a complex fertiliser (P_2O_5) plant'	Fertiliser Association of India	2016
Our Company was certified for compliance with the 'Protect & Sustain Product Stewardship Programme	International Fertiliser Association	2016-2018
Our Company achieved the level of IFA product steward excellence for manufacture of nitrogenous fertilisers	SGC India Private Limited	2016-2018
Our Company was awarded the second position in the 'Gomant Uchcha Suraksha Puraskar' for outstanding performance in Safety	Green Triangle Society in association with Inspectorate of Factories and Boilers	2016
Our Company was awarded the second position in the 'Gomant Uchcha Suraksha Puraskar' for most outstanding performance.	Green Triangle Society in association with Inspectorate of Factories and Boilers	2015
Adjudged at second place in the 'Best Environmental Practice Competition'	Goa State Pollution Control Board	2014
Our Company was awarded the third position in the 'Gomant Suraksha Puraskar' for achieving good performance in safety	Green Triangle Society in association with Inspectorate of Factories and Boilers	2014
Our Company was awarded the third position in the 'Gomant Suraksha Puraskar' for achieving good performance in safety	Green Triangle Society in association with Inspectorate of Factories and Boilers	2013
Our Company was awarded the first position in the 'Gomant Suraksha Puraskar' for achieving most outstanding performance in safety	Green Triangle Society in association with Inspectorate of Factories and Boilers	2011

Our holding company

We do not have a holding company.

Our Subsidiaries

1. Mangalore Chemicals & Fertilizers Limited ("MCFL")

Corporate Information

MCFL was incorporated on July 18, 1966 under the Companies Act as Malabar Chemicals & Fertilisers Private Limited. On August 25, 1971, it received a fresh certificate of incorporation consequent upon change of name from Malabar Chemicals & Fertilisers Private Limited to the present name Mangalore Chemicals & Fertilizers Limited.

The registered office of MCFL is situated at Level – 11, UB Tower, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001. MCFL is listed on BSE and NSE.

Nature of business

MCFL is primarily authorised to, *inter alia*, engage in the business of manufacturing, sale and purchase of fertilizers of all kinds and description, chemicals and other allied items required for agricultural and other industries.

Capital Structure

The authorized share capital of MCFL is ₹1,30,00,00,000 divided into 12,40,00,000 equity shares of ₹10 each and 6,00,000 13% redeemable cumulative preference shares of ₹100 each.

The total issued capital of MCFL is ₹1,20,00,00,440 divided into 12,00,00,044 equity shares of ₹10 each. The total subscribed and paid-up capital is ₹118,51,51,500 divided into 11,85,15,150 equity shares of ₹10 each. Out of MCFL's total issued capital, 14,04,934 equity shares have been issued but not subscribed and 79,960 equity shares are forfeited for non-payment of call money.

Our Company holds 6,28,43,211 equity shares of ₹10 each in MCFL, which represents 53.03 % of the total paid-up capital of MCFL.

MCFL is listed on both NSE and BSE.

Shareholding pattern

The shareholding pattern of MCFL as on December 31, 2018 is as provided below:

Category of shareholder	**No. of shareholders**	**No. of fully paid equity shares held**	**Total no. of equity shares held**	**Shareholding as a % of total no. of equity shares (calculated as per SCRR, 1957) As a % of (A+B+C2)**	**No. of Voting Rights**	**Total as a % of Total Voting right**	**No. of equity shares pledged or otherwise encumbered**		**No. of equity shares held in dematerialized form**
							No. (a)	**As a % of total equity shares held (b)**	
(A) Promoter & Promoter Group	3	7,24,11,505	7,24,11,505	61.10	7,24,11,505	61.10	5,41,48,700	74.78	7,24,11,505
(B) Public	47,357	4,61,03,645	4,61,03,645	38.90	4,61,03,645	38.90	-	-	4,26,53,897
(C1) Shares underlying DRs	-	-	-	-	-	-	-	-	-
(C2) Shares held by Employee trust	-	-	-	-	-	-	-	-	-
(C) Non-Promoter-Non Public	-	-	-	-	-	-	-	-	-
Total	**47,360**	**11,85,15,150**	**11,85,15,150**	**100.00**	**11,85,15,150**	**100.00**	**5,41,48,700**	**45.69**	**11,50,65,402**

*Note: MCFL has made applications to NSE and BSE (**"Stock Exchanges"**) respectively, both dated October 9, 2018, under Regulation 31A of the SEBI Listing Regulations, seeking reclassification of United Breweries (Holdings) Limited, Kingfisher Finvest India Limited, McDowell Holdings Limited (together, the **"UB Group"**) from being a promoter to a public shareholder of MCFL (**"Applications"**). The Applications are currently pending with the Stock Exchanges.*

There are no accumulated profits or losses of MCFL not accounted for by our Company.

2. Adventz Trading DMCC ("Adventz Trading")

Corporate Information

Adventz Trading was incorporated in Dubai on December 7, 2016 and registered with the Registrar of Companies of the Dubai Multi Commodities Centre Authority.

The registered office of Adventz Trading is situated at Unit no.1860, DMCC Business Centre, Level No 1, Jewellery & Gemplex, 3 Dubai, United Arab Emirates.

Adventz Trading is not listed on any of the Stock Exchanges.

Nature of business

The memorandum of association of Adventz Trading enables it: (a) to carry on all such business as the Dubai Multi Commodities Centre Authority (the "**Authority**") may permit under the terms of the license to be issued to it by the Authority ("**License**"), and (b) to carry on any other trade or business which can, in the opinion of its Board of Directors and subject to the Authority's Approval, be advantageously carried on in connection with or as ancillary to any of the business or activity set out in the License.

Adventz Trading is primarily involved in the business of seeds trading, agricultural and veterinary pesticides trading, chemical fertilizer trading, basic industrial chemicals trading as authorized by its memorandum of association.

Capital Structure

The authorised and issued capital of Adventz Trading is AED 50,000 divided in to 50 shares of AED 1,000 each.

Shareholding pattern

Our Company* holds 50 equity shares of face value AED 1,000 each, which is 100% of the total issued, subscribed and paid-up capital of Adventz Trading.

** Pursuant to the Scheme of Amalgamation, 50 equity shares of face value AED 1,000 each of Adventz Trading held by our erstwhile subsidiary, Zuari Speciality Fertilisers Limited were transferred to our Company. Our Company has made an application before the Dubai Multi Commodities Centre Authority for change in name of the shareholder of Adventz Trading from that of the erstwhile Zuari Speciality Fertilisers Limited to that of our Company. The application is currently pending.*

There are no accumulated profits or losses of Adventz Trading not accounted for by our Company.

Our Joint Ventures

1. Zuari Maroc Phosphates Private Limited ("ZMPPL")

Corporate Information

ZMPPL was incorporated in Orissa on January 21, 2002 and registered with the Registrar of Companies, Cuttack.

The registered office of ZMPPL is situated at 5th Floor, Orissa State Handloom Weavers' Co-Operative Building, Pandit J.N Marg, Bhubaneswar, Orissa – 751 001.

ZMPPL is not listed on any stock exchange.

Nature of business

The memorandum of association of ZMPPL enables it to carry on the business of an investment company and to acquire and hold and otherwise deal in shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company and debentures, debenture stocks, bonds, obligations and securities and issued or guaranteed by the government, sovereign ruler, commissioner, public body or authority supreme, municipal, local or otherwise whether in India or abroad.

Capital Structure and shareholding

The authorised share capital of the company is ₹3,66,00,00,000 divided into 30,90,00,000 equity shares of ₹10 each and 57,00,000 redeemable preference shares of ₹100 each. The issued, subscribed and fully paid-up capital is of ZMPPL is ₹3,59,63,24,560 divided into 35,96,32,456 equity shares of ₹10 each.

Our Company holds 17,98,16,228 equity shares of ₹10 each, which is the 50.00% of its total issued, subscribed and paid-up capital of ZMPPL.

There are no accumulated profits or losses of ZMPPL not accounted for by our Company.

2. MCA Phosphates Pte Limited ("MCAP")

Corporate Information

MCAP was incorporated in Singapore on December 12, 2012 and registered with the Registrar of Companies & Businesses, Singapore.

The registered office of MCAP is situated at 112, Robinson Road, #05-01, Singapore – 068 902.

MCAP is not listed on any stock exchange.

Nature of business

The memorandum of association of MCAP enables it to carry on the business of an investment company and for that purpose to acquire and hold either in the name of the company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.

Capital Structure and shareholding

The issued, subscribed and paid-up capital of MCAP is $ 7,55,00,000 divided into 7,23,00,000 equity shares of 1 USD each, and 32,00,000 preference shares of 1 USD each.[*]

Our Company holds 2,16,90,000 equity shares of 1 USD each, which is the 30%[#] of its total issued, subscribed and paid-up capital of MCAP. Our Company is involved in an ongoing dispute with Mitsubishi Corporation in relation to MCAP.

[*] *On April 9, 2018, Mitsubishi Corporation exercised its super majority rights under the MCAP SHA (defined below) and MCAP undertook a rights issue of and allotted 12,75,000 equity shares at a price of $ 0.0001 each to Mitsubishi Corporation. The rights issue and allotment of equity shares to Mitsubishi Corporation has been disputed by our Company and is currently under arbitration. For further details see "Risk Factors - Our Company is involved in an ongoing dispute with Mitsubishi Corporation in relation to our joint venture MCA Phosphates Pte. Limited ("MCAP"), which is currently subject to arbitration. Any adverse findings in relation to such dispute could have a negative impact on our results of operations, financial position and business" and "Outstanding Litigations and Material Developments – Litigation by our Company – Civil Proceedings" on pages 19 and 327, respectively. Further, the High Court of Singapore, vide its order dated June 7, 2018, directed MCAP to preserve the original investment of our Company in MCAP pending the outcome of the dispute.*

[#] *On account of the order of the High Court of Singapore, the percentage holding has been calculated without giving effect to the rights issue.*

Except as disclosed elsewhere in this Draft Letter of Offer, there are no accumulated profits or losses of MCAP not accounted for by our Company.

Other details regarding our Company

Details regarding acquisition of business/undertakings, mergers and amalgamation

Except as disclosed below, our Company has not acquired any business or undertaking, and has not undertaken any merger and/or amalgamation:

Scheme of Arrangement and Demerger

Our Company, ZGL and their respective shareholders and creditors filed the Scheme of Arrangement and Demerger. Pursuant to the Scheme of Arrangement and Demerger, the fertiliser undertaking of ZGL was transferred and vested in our Company. The appointed date for the Scheme of Arrangement and Demerger was July 1, 2011 ("**Appointed Date**") and subsequent to its approval by the High Court of Bombay at Goa vide its order dated March 2, 2012, the provisions of the scheme were applicable from July 1, 2011.

Further, as per the Scheme of Arrangement and Demerger, all immovable and movable assets, liabilities, debts, rights and obligations, contracts, deeds, consents, licenses etc. of the fertiliser undertaking of ZGL were transferred to and vested in our Company. In consideration for the demerger of the fertiliser undertaking of ZGL, our Company issued 2,94,40,604 Equity Shares aggregating to ₹2,944.06 lakhs to the then existing shareholders of Zuari Global Limited, in the ratio of 1:1, i.e., for every one fully paid up equity share held in Zuari Global Limited, one Equity Share of our Company was allotted as on the record date, i.e. April 10, 2012. Further, pursuant to the Scheme of Arrangement and Demerger, the name of our Company was changed from Zuari Holdings Limited to its present name Zuari Agro Chemicals Limited.

Acquisition of Mangalore Chemicals & Fertilizers Limited ("MCFL")

One of our Erstwhile Subsidiaries, i.e., Zuari Fertilisers and Chemicals Limited ("**ZFCL**") acting in concert with our Company, United Breweries Holdings Limited, Kingfisher Finvest India Limited and McDowell Holdings Limited made an open offer pursuant to Regulation 20 of the SEBI Takeover Regulations to acquire upto 3,08,13,939 equity shares of MCFL of ₹10 each, representing 26 % of the equity share capital of MCFL at a price of ₹68.55 each (the "**Open Offer-1**"). In the Open Offer-1, ZFCL acquired 42,424 equity shares of MCFL, representing 0.04 % of the shareholding of MCFL on November 3, 2014. Post Open Offer-1, 1,94,71,787 equity shares representing 16.43 % of the share capital of MCFL were held by ZFCL.

Subsequently, ZFCL acting in concert with our Company made another voluntary open offer to acquire 3,07,00,000 equity shares of MCFL representing 25.90 % of the equity capital of MCFL ("**Open Offer-2**"). The Open Offer-2 was further revised upwards by ZFCL and our Company to acquire 4,33,29,000 equity shares representing 36.56% of the voting capital of MCFL. In the Open Offer-2, ZFCL acquired 4,33,29,000 equity shares of MCFL, representing 36.56 % of the shareholding of MCFL on May 18, 2015. Post Open Offer-2, 6,28,43,211 equity shares representing 53.03 % of the share capital of MCFL was acquired by ZFCL on May 18, 2015.

Subsequently, pursuant to the Scheme of Amalgamation amongst our Company and Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Speciality Fertilisers Limited (the erstwhile subsidiaries of our Company), ZFSL was amalgamated with the Company and 6,28,43,211 equity shares of MCFL held by ZFSL were transferred to the Company on November 13, 2017.

Scheme of Amalgamation

Pursuant to an order dated September 14, 2017, the National Company Law tribunal sanctioned a scheme of amalgamation amongst Zuari Fertilisers and Chemicals Limited, Zuari Agri Sciences Limited and Zuari Speciality Fertilisers Limited (together the "**Erstwhile Subsidiaries**") and their respective shareholders and creditors, under Section 391 to 394 of the Companies Act, 1956. Pursuant to the Scheme of Amalgamation, the Erstwhile Subsidiaries were amalgamated with our Company with effect from November 13, 2017. The appointed date for the Scheme of Amalgamation was April 1, 2015. The entire undertaking of the Erstwhile Subsidiaries including all assets, properties, liabilities, debts, rights and obligations, immovable and movable assets of Erstwhile Subsidiaries were transferred to and vested in our Company as a going concern. Since the Erstwhile Subsidiaries were wholly owned subsidiaries of the Company, no new shares were issued pursuant to this amalgamation.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

Shareholders' Agreement and other key agreements

Details of key agreements in relation to our Company are as mentioned below:

Shareholders' Agreement dated February 8, 2002 between Zuari Industries Limited (now known as Zuari Global Limited) and Maroc Phosphore S.A. and Share Purchase Agreement dated May 27, 2011 amongst Zuari Industries Limited (now known as Zuari Global Limited), our Company and Zuari Maroc Phosphates Private Limited

Paradeep Phosphates Limited ("**PPL**"), was a wholly owned undertaking of the Government of India ("**GoI**"). Subsequently, upon disinvestment by the GoI, Zuari Industries Limited (now known as Zuari Global Limited) ("**ZGL**") and Maroc Phosphore S.A. ("**MP**") (together the "**Shareholders**") entered into a Memorandum of Understanding dated November 12, 2001, to jointly acquire 74% shareholding in PPL through Zuari Maroc Phosphates Private Limited, a joint venture undertaking formed by the Shareholders ("**JVC**").

In order to regulate the relationship and respective rights and obligations of the Shareholders in JVC, the Shareholders entered into a shareholders' agreement dated February 8, 2002 (the "**SHA**"). As per the SHA, the initial paid-up capital of JVC was ₹3,000 lakhs comprising of 300 lakh equity shares, 51% of which was held by ZGL and the remaining 49% was collectively held by MP, its nominee directors and affiliates ("**Shareholding**"). Per the terms of the SHA, the Shareholders are required to maintain the Shareholding in the JVC, except by mutual written agreement between the Shareholders. Further, the SHA stipulates that the board of directors of JVC shall consist of a minimum of four directors and a maximum of twelve directors with a right to both the Shareholders to nominate equal number of directors on the board of JVC.

The SHA also sets out certain obligations on the Shareholders, *inter alia*, to supply rock phosphate and phosphoric acid by MP to PPL and a marketing arrangement to be entered into between ZGL and PPL. Additionally, the SHA confers certain rights to the Shareholders, such as, right of first refusal; pre-emptive rights restricting the disposal, transfer or pledge of upto 50% of their shareholding in the JVC until the completion of five years and upto 100% of their shareholding in the JVC until the completion of 10 years from the date of the SHA, respectively, except with mutual consent between the Shareholders.

Subsequently, our Company, ZGL and MP entered into a Share Purchase Agreement dated May 27, 2011 ("**SPA**"), pursuant to which the entire shareholding of ZGL, representing 51% of the paid-up capital of MP, was purchased by our Company for a consideration of ₹179,82,00,000. Consequently, all rights of ZGL in the JVC have been transferred to our Company with effect from the date of the SPA.

Share subscription agreement between Zuari Industries Limited (now known as Zuari Global Limited) and Mitsubishi Corporation("Mitsubishi") (such agreement, the "SSA"), Shareholder's agreement between Zuari Industries Limited (now known as Zuari Global Limited), Mitsubishi and MCA Phosphates Pte. Limited ("MCAP") (such agreement, the "MCAP SHA") both dated December 20, 2011 and Deed of Adherence dated March 31, 2014 amongst our Company, Zuari Global Limited, Mitsubishi and MCAP.

Zuari Industries Limited (now known as Zuari Global Limited) ("**ZGL**") and Mitsubishi (together, the "**MCAP Shareholders**") entered into the SSA to purchase 13,980,000 equity shares of MCAP, amounting to 30% of the paid-up share capital of MCAP. Subsequently, the MCAP Shareholders and MCAP entered into the MCAP SHA to provide for certain matters relating to the governance of MCAP and also relating to the rights and obligations of the MCAP Shareholders.

The MCAP SHA provides that the board of directors of MCAP would include three directors. Mitsubishi shall have a right to appoint two directors as long as it holds a majority of the shareholding of MCAP and ZGL shall have the right to appoint one director to the board of directors as long as it holds 15% or more of the shareholding of MCAP.

Further, the MCAP SHA grants certain super-majority rights to the MCAP Shareholders with regard to (a) certain actions with respect to MCAP *inter alia*, approval for: (i) merger, reorganisation or liquidation of MCAP; (ii) creation and/or issue of any shares of MCAP; and (iii) changing the principal business or corporate purpose of

MCAP etc.; and (b) exercise of certain rights under the shareholder's agreement of Fosfatos del Pacifico S.A., a subsidiary of MCAP, (**"FdP"**), *inter alia* approval for: (i) authorisation for any capital expenditure by FdP; (ii) merger, reorganisation or liquidation of FdP; and (iii) reduction and/or redemption of the corporate capital of FdP (together referred to as "**Super Majority Decisions**"). The MCAP SHA provides that, as long as either of the MCAP Shareholders hold 20% or more of the shareholding of MCAP, it shall not take any action on the Super Majority Decisions except by: (a) written consent of a director nominated by each of the MCAP Shareholders, respectively, or (b) an affirmative vote of the shareholders holding more than 80% of the shareholding in MCAP. Further, the MCAP SHA also provides that the quorum for a shareholder's meeting of MCAP shall consist of shareholders representing more than 80% of the shareholding of MCAP. The MCAP SHA also provides certain tag-along rights and a put/call option to the MCAP Shareholders.

Subsequently, our Company, ZGL, Mitsubishi and MCAP entered into a deed of adherence dated March 31, 2014 for transfer of the entire shareholding of ZGL, in MCAP, to our Company, being an affiliate of ZGL (as defined in the MCAP SHA), with effect from March 27, 2014. As required in the MCAP SHA, our Company has also provided an undertaking to Mitsubishi stating that our Company is an affiliate of ZGL and that it agrees to be bound by all provisions of the MCAP SHA, including the obligations as if it was the original shareholder under the MCAP SHA.

Shareholders agreement in relation to Zuari Gulf RMC FZE dated March 31, 2014 with Globalware Trading & Holdings Limited, Coltrane Corporation Limited, RAK Maritime City Investment Corporation ("RMCIC") and Zuari Gulf RMZ FZE ("Zuari Gulf")

The Company has entered into a shareholder's agreement in relation to Zuari Gulf RMC FZE dated March 31, 2014 with Globalware Trading & Holdings Limited, Coltrane Corporation Limited, RMCIC and Zuari Gulf ("**Zuari Gulf RMC FZE SPA**"). Zuari Gulf is planning to set up an integrated phosphatic fertilizer complex in Ras-AI-Khaimah (RAK) in United Arab Emirates in collaboration with RMCIC. Pursuant to the Zuari Gulf RMC FZE SPA and subject to fulfilment of certain conditions precedent as described in Zuari Gulf RMC FZE SPA, the Company (or its affiliates) has agreed to subscribe to 95% of the paid-up capital of Zuari Gulf subject to a cap of USD 332,500,000. As on date, the conditions precedent as described in Zuari Gulf RMC FZE SPA have not been fulfilled. Our Company has incurred an expenditure of ₹3,212.39 lakhs on feasibility study and related expenditure till September 30, 2018. Zuari Gulf RMC FZE SPA provides for the re-imbursement of these expenses by the Zuari Gulf RMC FZE to the Company. The Company has signed a non-binding MoU for its rock phosphate requirements.

Subject to any consents which may be required from parties to Zuari Gulf RMC FZE SPA and compliance with the applicable law, the Company may evaluate the opportunity for equity investment from third parties towards its equity contribution in Zuari Gulf.

Common pursuits amongst Group Companies and Subsidiaries

One of our Subsidiaries, Mangalore Chemicals & Fertilizers Limited, undertakes the businesses that are similar to that undertaken by our Company and accordingly, there are certain common pursuits between our Subsidiary and our Company. In the past, there have not been any instances of conflict of interest between our Company and our Subsidiary. We will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise. For details of related business transactions between our Company and Subsidiary and their significance on financial performance, see "*Related Party Transactions*" on page 152.

For details regarding the common pursuits among our Group Companies and our Company, please see the section "*Group Companies - Common pursuits among Group Companies and Subsidiaries*" on page 150.

Other agreements

Our Company has not entered into any material contract or agreement which is not in the ordinary course of business carried on or intended to be carried on by our Company, other than disclosed in this Draft Letter of Offer.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our

Company.

Business interest between our Company and our Subsidiaries

Except as disclosed in the "*Related Party Transactions*" on page 152, the Subsidiaries have no business interest in our Company.

For details regarding the business interest of our Group Companies in our Company, please see the section "*Group Companies*" on page 143.

OUR MANAGEMENT

Board of Directors

The Articles of Association require that our Board of Directors shall comprise of not less than three Directors and not more than 15 Directors including Independent Directors with at least one woman Director. As on the date of this Draft Letter of Offer, we have eight Directors on our Board, comprising of one Executive Director, three Non-Executive Directors and four Independent Directors. Our Board also includes a woman Independent Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of our Board and constitution of committees thereof.

The following table sets forth the details of our Board as on the date of this Draft Letter of Offer:

Name, designation, date of birth, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
Saroj Kumar Poddar *Designation:* Chairman *Date of birth:* September 15, 1945 *Address:* Poddar Niket, 2 Gurusaday Road, PO Ballygunge, Kolkata – 700 019 *Occupation:* Businessman *Term:* Liable to retire by rotation *Period of directorship:* Director since May 20, 2011 *DIN:* 00008654	73	*Indian companies* 1. Adventz Finance Private Limited; 2. Adventz Homecare Private Limited; 3. Chambal Fertilisers & Chemicals Limited; 4. Ethan Allen India Private Limited; 5. Forte Furniture Products India Private Limited; 6. HePo India Private Limited; 7. Hettich India Private Limited; 8. Lionel India Limited; 9. Paradeep Phosphates Limited; 10. Texmaco Infrastructure & Holdings Limited; 11. Texmaco Rail & Engineering Limited; and 12. Zuari Global Limited. *Foreign Companies* 1. Calcutta Tramways Company Limited; and 2. Indo Maroc Phosphore S.A. (IMACID).
Sunil Sethy *Designation:* Managing Director *Date of birth:* March 27, 1951 *Address:* 601, Block 33, Heritage City, Gurugram – 122 002 *Occupation:* Professional *Term:* Two years with effect from August 1, 2017, i.e. until July 31, 2019 *Period of directorship:* Director since July 28, 2017 *DIN:* 00244104	67	*Indian companies* 1. Mangalore Chemicals & Fertilizers Limited; 2. Paradeep Phosphates Limited; 3. The Fertiliser Association of India; 4. Zuari Infraworld India Limited; and 5. Zuari Maroc Phosphates Private Limited.
Akshay Poddar *Designation:* Non-Executive Director *Date of birth:* July 20, 1976 *Address:* Villa P-86 (W- Sub Meter), 394-Emirates Hill Third, Premise Number: 394997883, Post Office Box:	42	*Indian companies* 1. Abhishek Holdings Private Limited; 2. Adventz Finance Private Limited; 3. Adventz Homecare Private Limited; 4. Adventz Investment Company Private Limited; 5. Adventz Securities Enterprises Limited;

Name, designation, date of birth, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
117809, Dubai *Occupation:* Businessman *Term:* Liable to retire by rotation *Period of directorship:* Director since November 14, 2011 *DIN:* 00008686		6. Greenland Trading Private Limited; 7. Hettich India Private Limited; 8. Indian Chamber of Commerce; 9. Indrakshi Trading Company Private Limited; 10. Lionel Edwards Limited; 11. Lionel India Limited; 12. Mangalore Chemicals & Fertilizers Limited. 13. Texmaco Infrastructure & Holdings Limited; 14. Texmaco Rail & Engineering Limited; 15. The Fertiliser Association of India; and 16. Touax Texmaco Railcar Leasing Private Limited. *Foreign Companies* 1. Adventz General Trading DMCC; 2. Adventz Investments Limited; 3. Adventz Properties Limited; 4. Adventz Trading DMCC; 5. Felicabo Worldwide Limited; 6. Globalware Trading & Holdings Limited; and 7. Hettich Middle East DMCC.
Narayanan Suresh Krishnan *Designation:* Non-Executive Director *Date of birth:* June 3, 1964 *Address:* E-302, Central Park-1, Sector 42, DLF Golf Course Road, Gurugram – 122 009 *Occupation:* Service *Term:* Liable to retire by rotation *Period of directorship:* Director since September 10, 2009 *DIN:* 00021965	54	*Indian companies* 1. Forte Furniture Products India Private Limited; 2. Gobind Sugar Mills Limited; 3. Mangalore Chemicals & Fertilizers Limited; 4. Simon India Limited; 5. Texmaco Infrastructure & Holdings Limited; 6. The Fertiliser Association of India; 7. Zuari Global Limited; 8. Zuari Infraworld India Limited; and 9. Zuari Maroc Phosphates Private Limited.
Jayant Narayan Godbole *Designation:* Independent Director *Date of birth:* February 17, 1945 *Address:* 604/A, Cottage Land Co-Operative Housing Society, Plot 16/A, Sector 19/A, Nerul (E) Navi Mumbai – 400 706 *Occupation:* Service *Term:* For a period of 5 years up to March 31, 2019(1) *Period of directorship:* Director since May 20, 2011 *DIN:* 00056830	74	*Indian companies* 1. Emami Paper Mills Limited; 2. Embio Limited; 3. Gujarat Alkalies and Chemicals Limited; 4. J. K. Cement Limited; 5. Kesar Terminals & Infrastructure Limited; 6. Saurashtra Cement Limited; and 7. Zuari Global Limited.

Name, designation, date of birth, address, occupation, term, period of directorship and DIN	Age (years)	Other directorships
Marco Philippus Ardeshir Wadia *Designation:* Independent Director *Date of birth:* January 30, 1956 *Address:* Thakur Nivas, 173, Jamshedji Tata Road, Mumbai – 400 020 *Occupation:* Professional *Term:* Five years with effect from April 1,2014, i.e. until March 31, 2019(2) *Period of directorship:* Director since May 20, 2011 *DIN:* 00244357	63	*Indian companies* 1. Amphenol Interconnect India Private Limited; 2. Amphenol Omniconnect India Private Limited; 3. Amphetronix Offset Interconnect Solutions Private Limited; 4. Chambal Fertilisers and Chemicals Limited; 5. Gobind Sugar Mills Limited; 6. Indian Register of Shipping; 7. Johnson and Johnson Private Limited; 8. Josts Engineering Company Limited; 9. Paradeep Phosphates Limited; 10. Simon India Limited; 11. Stovec Industries Limited; and 12. Zuari Global Limited.
Gopal Krishna Pillai *Designation:* Independent Director *Date of birth:* November 30, 1949 *Address:* D-241, Block -D, Sarvodaya Enclave, New Delhi – 110 017 *Occupation:* Retired government official *Term:* Five years with effect from April 1,2014, i.e. until March 31, 2019(3) *Period of directorship:* Director since July 30, 2012 *DIN:* 02340756	69	*Indian companies* 1. Adani Ports and Special Economic Zone Limited; 2. Berger Paints India Limited; 3. CMS Info Systems Limited; 4. Data Security Council of India; 5. IvyCap Ventures Advisors Private Limited; and 6. Tata International Limited. *Foreign Companies* 1. Tata International Metals (Asia) Limited, Hong Kong.
Kiran Dhingra *Designation:* Independent Director *Date of birth:* January 12, 1953 *Address:* House No. 83-C, Gancim Batim, Post Office Goa Velha, North Goa - 403 108, Goa *Occupation:* Service *Term:* Three years with effect from April 1,2018, i.e. until March 31, 2021 *Period of directorship:* Director since March 10, 2015 *DIN:* 00425602	66	*Indian companies* 1. Goa Carbon Limited; 2. Indian Register of Shipping; 3. L&T Shipbuilding Limited; and 4. Paradeep Phosphates Limited.

(1) *In the meeting of the board of directors held on February 8, 2019, the tenure of directorship of Jayant Narayan Godbole has been extended upto the age of 75 years w.e.f April 1, 2019.*

(2) *In the meeting of the board of directors held on February 8, 2019, the tenure of the directorship of Marco Philippus Ardeshir Wadia has been extended for a period of three years w.e.f April 1, 2019.*

(3) *In the meeting of the board of directors held on February 8, 2019, the tenure of directorship of Gopal Krishna Pillai has been extended for a period of one year w.e.f April 1, 2019.*

In compliance with Section 152 of the Companies Act 2013, not less than two-thirds of our non-independent Directors are liable to retire by rotation.

Brief profiles of our Directors

Saroj Kumar Poddar aged 73 years, is the Chairman of our Company. He has been associated with our Company since its inception. He holds a bachelor's degree in commerce from St. Xavier's College, University of Calcutta. He has served as the President of the Federation of Indian Chambers of Commerce and Industry and the President of International Chamber of Commerce in India. He was also appointed as a member of the Board of Trade and a member of the Court of the Indian Institute of Science, Bangalore by the Government of India. He was also on the Advisory Board of N M Rothschild (India) Limited. He is also a recipient of the Rashtriya Samman award from the Central Board of Direct Taxes.

Sunil Sethy aged 67 years, is the Managing Director of our Company. He has been associated with our Company since July 28, 2017. He is a fellow of the ICAI. He has previously served as the Managing Director of Binani Industries Limited and as the Managing Director of Chambal Fertilisers & Chemicals Limited.

Akshay Poddar aged 42 years, is a Non-Executive Director of our Company. He has been associated with our Company since November 14, 2011. He holds a bachelor's degree in Science with honours in accounting and finance from the London School of Economics and Political Science, University of London. He also holds a master's degree of science in leadership and strategy from London Business School. He was also a member of the Entrepreneurs' Organisation, Kolkata and Young Presidents' Organisation.

Narayanan Suresh Krishnan aged 54 years, is a Non-Executive Director of our Company. He has been associated with our Company since its inception. He holds a bachelor's degree in engineering and a master's degree in science from the Birla Institute of Technology and Science, Pilani. His functional experience spans corporate finance, corporate strategy, projects planning, operations and business development. Over the years, he has been instrumental in financing of large greenfield projects in the domestic and international markets, forging and managing joint ventures and acquisitions, and in executing turnaround strategies alongside day-to-day operations in the manufacturing sector.

Jayant Narayan Godbole aged 74 years, is an Independent Director of our Company. He has been associated with our Company since May 20, 2011. He holds a bachelor's degree in technology from the Indian Institute of Technology, Bombay. He has also completed a course on PERT/CPM conducted by the Small Industry Extension Training Institute, Hyderabad and also holds a certificate in financial management from the Jamnalal Bajaj Institute of Management Studies, University of Bombay. He has served on the board of the Industrial Development Bank of India as its chairman and was also appointed by the state government of Sabah, Malaysia as an Industrial Consultant and posted to the Department of Industrial Development, Sabah. He has been associated with Sabah Gas Industries in the capacity of coordination and planning manager and has also been associated with the Narbada Valley Chemical Industries Private Limited.

Marco Phillippus Ardeshir Wadia aged 63 years, is an Independent Director of our Company. He is a member of Bar Council of Maharashtra and Goa. He has been a practicing advocate since 1986 and, is currently, a partner at Crawford Bayley & Co. He has over 30 years of experience in the legal profession having specialised in corporate matters and mergers and acquisitions.

Gopal Krishna Pillai aged 69 years, is an Independent Director of our Company. He holds a bachelor's degree in science from Bangalore University and a master's degree in science specialising in chemistry from Indian Institute of Technology, Madras. He joined the Indian Administrative Service in 1972 and has held various positions in the Kerala State Government including as the District Collector (Quilon), Deputy Secretary (Labour), Special Secretary (Industries), Secretary (Health & Family Welfare) and Principal Secretary to the Chief Minister of Kerala. In the past, he has also served in various positions with the Government of India, *inter alia*, in the capacity of the Secretary (Commerce) and Union Home Secretary. He currently serves as the chairman of the board of directors of Tata International Limited and IvyCap Ventures Advisors Private Limited.

Kiran Dhingra aged 65 years, is an Independent Director of our Company. She holds a bachelor's degree and a master's degree in English literature from Meerut University. She has been associated with our Company since March 10, 2015. She joined the Indian Administrative Services in 1975.

Confirmations

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm, trust or company in which he is interested, in connection with the promotion or formation of our Company.

Family relationships between our Directors and Key Managerial Personnel

Except, Saroj Kumar Poddar, who is the father of Akshay Poddar, none of our other Directors are related to each other or to any other key managerial personnel.

Details of directorship in companies suspended or delisted

None of our Directors is or was a director of any listed company, whose shares are or were suspended from being traded on any stock exchanges, during the last five years prior to the date of this Draft Letter of Offer, during the term of his/her directorship in such company.

Except as disclosed below, none of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange:

Our directors, Saroj Kumar Poddar and Akshay Poddar were directors on the board of Adventz Investments & Holdings Limited.

Sr. No.	Particulars	Details	
1.	Name of the Company	Adventz Investments & Holdings Limited	
2.	Name of the stock exchange(s) on which the company was listed	Calcutta Stock Exchange	Uttar Pradesh Stock Exchange
3.	Date of delisting on stock exchanges	February 10, 2014	February 14, 2014
4.	Whether the delisting was compulsory or voluntary delisting	Voluntary	
5.	Reasons for delisting	Adventz Investments & Holdings Limited was merged with Adventz Finance Private Limited	
6.	Whether the company has been relisted	No	
7.	Date of relisting, in the event the company is relisting	Not Applicable	
8.	Name of the stock exchange(s) on which the company was relisted	Not Applicable	
9.	Tenure of their directorships (along with relevant dates) in the company	Saroj Kumar Poddar was a Director on the board of Adventz Investments & Holdings Limited from December 18, 1995 to April 1, 2013. Akshay Poddar was a Director on the board of Adventz Investments & Holdings Limited from September 16, 2008 to April 1, 2013.	

Arrangement or understanding with major shareholders, customers, suppliers or others

None of our Directors have been nominated or appointed or selected, as a director or member of the senior management, pursuant to any arrangement or understanding with any of our major Shareholders, customers, suppliers or others.

Service contracts with Directors

Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment.

Borrowing powers of the Board

In accordance with our Articles of Association and subject to the provisions of the Companies Act, 2013, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Company and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit. Pursuant to a resolution of the Shareholders of our Company passed in their annual general meeting held on September 1, 2014 under Section 180(1)(c) of the Companies Act, 2013, our Board is authorised to borrow up to an amount ₹8,00,000 lakhs, apart from the temporary loans obtained by our Company in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of our Company and for creation of charge/providing security for the sum borrowed on the assets of our Company.

Remuneration details and terms of employment of our Managing Director

Sunil Sethy – Managing Director

Sunil Sethy was appointed as our Managing Director for a period of two years with effect from August 1, 2017 pursuant to the resolution passed by our Board on July 28, 2017 and our shareholders on September 22, 2017.

Pursuant to the Board resolution dated July 28, 2017 and the letter of appointment dated July 31, 2017, Sunil Sethy is entitled to remuneration as enumerated below:

Salary

Salary of ₹4.17 lakhs per month in the range of ₹4.00 lakhs to ₹6.00 lakhs with such annual increment as determined by the Nomination and Remuneration Committee and/or the Board of Directors.

Perquisites and Allowances

Sunil Sethy is entitled to house rent & allowance subject to a maximum of ₹2.08 lakhs per month and as applicable to the senior executives of the Company. Further, he is entitled to membership fees of one club and one car maintained by the Company. He is covered under our Company's group personal accident insurance policy, group term life insurance scheme and group health insurance scheme, as per Company policy. He is also entitled to additional perquisites and leave encashment as applicable to the senior executives of our Company.

Payments or benefits to Directors

Except as disclosed under "*Remuneration details and terms of employment of our Managing Director*" on page 122, our Company has not entered into any contract appointing or fixing the remuneration of a Director, Whole-time Director, or Manager in the two years preceding the date of this Draft Letter of Offer.

Except as disclosed under "*Compensation paid to our Directors*" on page 122, in Fiscal 2018, our Company has not paid any commission or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the sitting fees/remuneration paid to them for such period.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold any qualification shares.

Other than as disclosed under "*Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*" on page 57, none of our Directors hold any shares in our Company or the Subsidiaries as on the date of this Draft Letter of Offer.

Compensation paid to our Directors

The Nomination and Remuneration Committee determines and recommends to the Board, the compensation of the Directors.

a) Executive Directors

The table below sets forth the details of the remuneration (including sitting fees, salaries, commission and perquisites), professional fee, consultancy fee paid to our Executive Directors for the Fiscal 2018:

(in ₹ lakhs)

Sr. No.	Name of the Executive Director	Remuneration for Fiscal 2018
1.	Sunil Sethy	50.05

Sr. No.	Name of the Executive Director	Remuneration for Fiscal 2018
2.	Kapil Mehan	123.72

b) Non-Executive Directors

The table below sets forth the details of the remuneration (including sitting fees, salaries, commission and perquisites), professional fee, consultancy fee paid to our Non-Executive Directors for the Fiscal 2018:

(in ₹ lakhs)

Sr. No.	Name of the Non-Executive Director	Remuneration for Fiscal 2018
1.	Saroj Kumar Poddar	3.10
2.	Akshay Poddar	2.95
3.	Narayanan Suresh Krishnan	6.05

c) Independent Directors

Pursuant to the resolution passed by our Board on January 22, 2015, our Non-Executive Directors and Independent Directors are entitled to receive a sitting fee of ₹50,000 for attending each meeting of our Board, ₹25,000 for attending the meeting of the Audit Committee and ₹15,000 for attending meetings of other Committees constituted of the Board.

Our Independent Directors were paid sitting fees for attending each meeting of the Board and its committees as under:

(in ₹ lakhs)

Sr. No.	Name of the Independent Director	Remuneration for Fiscal 2018
1.	Marco Philippus Ardeshir Wadia	6.35
2.	Jayant Narayan Godbole	5.85
3.	Gopal Krishna Pillai	3.65
4.	Kiran Dhingra	2.50

Contingent and deferred compensation payable to the Directors

As on the date of this Draft Letter of Offer, there is no contingent or deferred compensation payable to the Directors, which does not form part of their remuneration.

Remuneration paid or payable to our Directors from Subsidiaries or Associates:

Except as disclosed below, no remuneration has been paid to our Directors by any of our Subsidiaries or Associates in Fiscal 2018:

Sr. No.	Name of Director	Name of Subsidiary	Total remuneration (in lakhs)
1.	Akshay Poddar	Adventz Trading DMCC	AED 2.10
2.	Akshay Poddar	Mangalore Chemicals & Fertilizers Limited	₹2.00
3.	Narayanan Suresh Krishnan	Mangalore Chemicals & Fertilizers Limited	₹96.00
4.	Sunil Sethy	Mangalore Chemicals & Fertilizers Limited	₹2.45

Bonus or profit-sharing plan for the Directors

Our Company does not have any performance-linked bonus or profit-sharing plan for our Directors.

Loans to Directors

Our Company and Subsidiaries have not provided any loan to our Directors. Further, except as disclosed in "*Related Party Transactions*" on page 152, none of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration, commission and reimbursement of expenses, if any, payable to them by our Company. The Managing Director may be deemed to be interested to the extent of remuneration paid to him for services rendered as an officer of our company. For further details, see "- *Terms of Appointment of our Managing Director*", "- *Compensation Paid to our Non-Executive and Independent Directors*" on pages 122 and 123 respectively.

Our Directors may also be regarded as interested to the extent of the Equity Shares, if any, held by them and to the extent of any dividend payable to them and other distributions in respect of these Equity Shares. Our Directors may also be interested to the extent of Equity Shares held by their relatives, or the entities with which they are associated as promoters, directors, partners, proprietors or trustees or that may be subscribed by or allotted to the companies, firms, ventures or trusts, in which they are interested as directors, members, partners, proprietors, trustees or promoters, pursuant to the Issue. For further details regarding the shareholding of our Directors, see "*Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company*" and "*Related Party Transactions*" on pages 57 and 152, respectively.

Some of our Directors may hold positions as directors on the board of directors of our Subsidiaries and Group Companies and as heads of certain business verticals. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of the applicable law.

Our Directors may also be interested to the extent of loans availed by them from our Company. For further details, see "- *Loans to Directors*" on page 123.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company on which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity.

There is no material existing or anticipated transaction whereby Directors will receive any portion of the proceeds from the Issue.

Interest in the promotion of our Company

As on the date of this Draft Letter of Offer, except for Saroj Kumar Poddar and Akshay Poddar, none of our other Directors are interested in the promotion of our Company. For further details, see "*Our Promoters and Promoter Group*" on page 134.

Interest in the properties of our Company

Except as disclosed below or in the section "*Related Party Transactions*" on page 152, our Directors do not have any other interest in any property acquired or proposed to be acquired of or by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery:

Saroj Kumar Poddar and Akshay Poddar, our Directors, are also part of the promoter and promoter group of Zuari Global Limited, which is one of the Promoters of our Company. Further, Saroj Kumar Poddar, Marco Philippus Ardeshir Wadia, Jayant Narayan Godbole and Narayanan Suresh Krishnan are common directors between our Company and Zuari Global Limited.

- Our Company has entered into an agreement for sale dated March 31, 2017 with ZGL to acquire land measuring 13.57 acres, located at Shirapur, Maharashtra, for a consideration of ₹55.90 lakhs; and

- Our Company has entered into an agreement of sale dated March 31, 2017 with ZGL to acquire land measuring 106 acres, located at Lamboti, Maharashtra, for a consideration of ₹265.00 lakhs.

- Our Company has entered into an agreement of sale dated March 28, 2014 ("**Sale Agreement**") with ZGL to sell land measuring 12,58,409 square meters, located at Sancoale, Goa, for a consideration of ₹16,359.32 lakhs.

For further details, see "*Risk Factors - Certain of our Directors are related to entities from whom our Company has acquired land in the preceding five years.*" on page 27.

Business interest

Except as disclosed below and as stated in the section "*Related Party Transactions*" on page 152, and to the extent of the shareholding of our Directors in the Company, none of our Directors have any other interest in our business or our Company.:

Our Company has availed an inter-corporate deposit facility of ₹100 crore from Adventz Finance Private Limited, one of our Promoter Group entity (**"AFPL"**). Our Directors, Saroj Kumar Poddar and Akshay Poddar, are also directors on the board of AFPL and hold 2,40,45,495 (including 1,25,00,000 equity shares, held in the capacity of being a trustee of Saroj and Jyoti Poddar Holdings Private Trust) and 59,47,600 equity shares of Adventz Finance Private Limited, respectively.

Other than, as disclosed in "*Related Party Transactions*" and "*Our Promoters and Promoter Group*" on pages 152 and 134 respectively, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration and sitting fees for services rendered as Directors of the Company.

Changes in the Board in the last three years

Name	Designation	Date of change	Reason
Sunil Sethy	Managing Director	July 28, 2017	Appointment
Kapil Mehan	Managing Director	June 3, 2017	Cessation

Corporate Governance

Our Company is in compliance with the requirements of applicable regulations in accordance with the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof.

As on date of this Draft Letter of Offer, we have eight Directors on our Board, comprising of one Executive Director, three Non-Executive Directors and four Independent Directors. Our Board also includes a woman Independent Director.

None of our Directors have been or were identified as a wilful defaulter as defined under the SEBI ICDR Regulations.

Our Directors do not hold any outstanding vested options, pursuant to any employee stock option scheme implemented by our Company.

Except as otherwise stated in this Draft Letter of Offer, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Draft Letter of Offer in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Further, as on September 30, 2018, no Director has taken any loans from our Company.

Board-level committees

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level:

(a) Audit committee;
(b) Nomination and Remuneration committee;
(c) Stakeholders' Relationship committee;
(d) Corporate Social Responsibility committee; and
(e) Risk Management committee.

Audit Committee

Our Audit Committee was constituted by a resolution of our Board dated August 11, 2011 and last reconstituted by a resolution of our Board dated May 25, 2018 and is in compliance with Section 177 of the Companies Act and

Regulation 18 of the SEBI Listing Regulations. The current constitution of the Audit committee is as follows:

Name of Director	**Position in the Committee**	**Designation**
Marco Philippus Ardeshir Wadia	Chairman	Independent Director
Narayanan Suresh Krishnan	Member	Non-Executive Director
Gopal Krishna Pillai	Member	Independent Director
Kiran Dhingra	Member	Independent Director
Jayant Narayan Godbole	Member	Independent Director

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act and the SEBI Listing Regulations and its terms of reference, *inter alia,* includes the following:

a. The terms of reference for the committee shall include:

  1. Periodically review and discuss with the auditors about internal control systems, scope of audit including the observations of the auditors,
  2. Review the financial statements before submission to Board,
  3. Recommending the appointment and removal of statutory auditors and fixation of audit fee and also approve for payment for any other services,
  4. Review of risk management policies and practices,
  5. Investigate in to any matter in relation to the items specified in section 292A or referred to it by the Board,
  6. Review of internal audit reports,
  7. Any other and such matters as may be required pursuant to Regulation 18 read with Part C of Schedule II of SEBI(LODR)Regulations, 2015,
  8. Review and monitor the auditor’s independence and performance, and effectiveness of audit process,
  9. Examination of the financial statement and the auditors’ report thereon,
  10. Approval or any subsequent modification of transactions of the company with related parties,
  11. Scrutiny of inter-corporate loans and investments,
  12. Valuation of undertakings or assets of the company, wherever it is necessary, and
  13. Monitoring the end use of funds raised through public offers and related matters.

b. The Audit Committee shall have powers, which should include the following:

  1. to investigate any activity within its terms of reference,
  2. to seek information from any employee,
  3. to obtain outside legal or other professional advice, and
  4. to secure attendance of outsiders with relevant expertise, if it considers necessary.

c. The role of the Audit Committee shall include the following:

  1. Oversight of the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  4. Reviewing, with the management, the annual financial statements and auditor’s report thereon before

submission to the board for approval, with particular reference to:

   i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
   ii. Changes, if any, in accounting policies and practices and reasons for the same
   iii. Major accounting entries involving estimates based on the exercise of judgment by management
   iv. Significant adjustments made in the financial statements arising out of audit findings
   v. Compliance with listing and other legal requirements relating to financial statements
   vi. Disclosure of any related party transactions
   vii. Modified opinion(s) in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

d. The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations,
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management,
3. Management letters / letters of internal control weaknesses issued by the statutory auditors,
4. Internal audit reports relating to internal control weaknesses,
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee,
6. Statement of deviations:
    i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
7. To take omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed.
8. The Audit Committee shall review Policy on Related Party Transactions on an annual basis.
    i. The Audit Committee shall have the powers to investigate any financial activity, seek information from any employee, obtain outside legal or professional advice and secure attendance of outsiders with relevant experience, if it considers necessary.
    ii. The Role of Audit Committee and the information that the Audit Committee shall review will be as specified in Section 177 of the Companies Act, 2013 read with the Rules made thereunder and Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Para C of Schedule V.

The Audit Committee is required to meet at least four times in a year under Regulation 18(2)(a) of the SEBI Listing Regulations.

The quorum for a meeting of the Audit Committee shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

Nomination and Remuneration Committee

Our Nomination and Remuneration committee was constituted by a resolution of our Board dated February 6, 2014 and was last reconstituted by a resolution of our Board dated January 22, 2015. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The current constitution of the Nomination and Remuneration committee is as follows:

Name of Director	**Position in the Committee**	**Designation**
Marco Philippus Ardeshir Wadia	Chairman	Independent Director
Jayant Narayan Godbole	Member	Independent Director
Akshay Poddar	Member	Non-Executive Director

The scope and functions of the Nomination and Remuneration Committee are in conformity with the requirements of the SEBI Listing Regulations and Section 178 of the Companies Act. The terms of reference of the Nomination and Remuneration Committee, *inter alia*, includes the following:

The Nomination and Remuneration Committee shall be responsible for:

a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals; Provided that such policy shall be disclosed in the Board's report;

d. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

e. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

f. Devising a policy on diversity of board of directors;

g. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal; and

h. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The Nomination and Remuneration Committee is required to meet at least once in a year under Regulation 19(3A) of the SEBI Listing Regulations.

The quorum for a meeting of the Nomination and Remuneration Committee shall either be two members or one third of the members of the Nomination and Remuneration committee, whichever is greater, with at least one independent director.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board on February 6, 2014. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The current constitution of the Stakeholders' Relationship committee is as follows:

Name of Director	Position in the Committee	Designation
Jayant Narayan Godbole	Chairman	Independent Director
Marco Philippus Ardeshir Wadia	Member	Independent Director
Narayanan Suresh Krishnan	Member	Non-Executive Director

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations.

The terms of reference of the Stakeholders' Relationship Committee, inter alia includes the following:

- To oversee the performance of the share transfer work;

- To review the redressal of shareholders and investors complaints; and

- To recommend measures to improve levels of investor services

- The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

The Stakeholders' Relationship Committee, *inter alia*, shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

The Stakeholders' Relationship Committee is required to meet at least once in a year under Regulation 20(3A) of the SEBI Listing Regulations.

Corporate Social Responsibility Committee

The Corporate Social Responsibility committee was constituted by a resolution of our Board dated May 8, 2014 and last reconstituted by a resolution of our Board dated July 28, 2017. The current constitution of the Corporate Social Responsibility Committee is as follows:

Name of Director	**Position in the Committee**	**Designation**
Gopal Krishna Pillai	Chairman	Independent Director
Akshay Poddar	Member	Non-Executive Director
Jayant Narayan Godbole	Member	Independent Director
Sunil Sethy	Member	Executive Director

The scope and functions of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act. The terms of reference of the Corporate Social Responsibility Committee, *inter alia* includes the following:

1. to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013;
2. to recommend the amount of expenditure to be incurred on the CSR activities referred to in (a) above; and
3. to monitor the Corporate Social Responsibility Policy of the company from time to time.

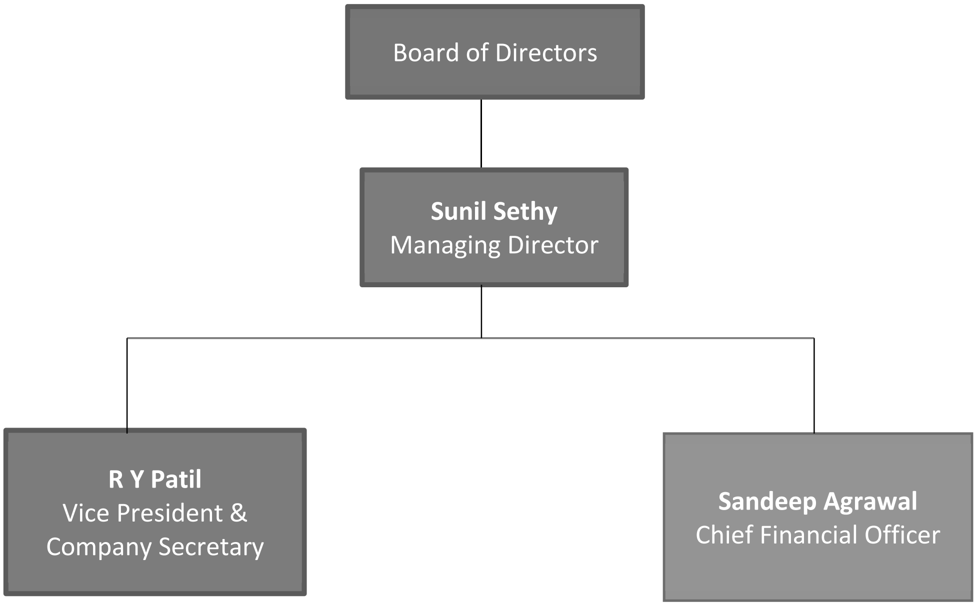
Risk Management Committee

The Risk Management committee was constituted by a resolution of our Board dated July 30, 2014 and last reconstituted by a resolution of our Board dated January 7, 2019. The current constitution of the Risk Management Committee is as follows:

Name of Director	**Position in the Committee**	**Designation**
Narayanan Suresh Krishnan	Member	Non-Executive Director
Marco Philippus Ardeshir Wadia	Member	Independent Director
Jayant Narayan Godbole	Member	Independent Director
Sunil Sethy	Member	Executive Director

The terms of reference of the Risk Management Committee, *inter alia* includes monitoring and reviewing of the Risk Management Plan and such other functions as it may deem fit.

Management Organisation Chart



Key Managerial Personnel

The details of the Key Management Personnel of our Company as on the date of this Draft Letter of Offer are as follows:

Sunil Sethy is the Managing Director of our Company. For a brief profile of Sunil Sethy, our Managing Director, see "- *Brief Profiles of our Directors*" on page 120.

R. Y. Patil is the Vice President & Company Secretary and Compliance Officer of our Company. He joined our Company on October 22, 1990 as the Assistant Company Secretary. He holds a bachelor's degree in commerce from B K College of Commerce, Belgaum, Karnatak University and a bachelor's degree in law from Mahadevrao Salgaocar College of Law, University of Bombay. He also holds a master's degree in commerce from S. S. Dempo College of Commerce and Economics, Panaji, University of Bombay. He is a fellow of the ICSI. He was previously associated with Chowgule & Co. Ltd. in the capacity of a Junior Officer. He holds office upto March 31, 2019[*]. During the Fiscal Year 2018, he was paid a remuneration of ₹69.04 lakhs.

[*] *In the meeting of the Board of Directors held on February 8, 2019, the tenure of the R.Y. Patil as the Vice President & Company Secretary of our Company has been extended for a period of one year w.e.f April 1, 2019*.

Sandeep Agrawal is the Group Chief Financial Officer of our Company. He joined our Company on July 1, 2016 as the Chief Financial Officer. He is a member of the ICAI, the ICSI and the ICWAI. Prior to joining our Company, Sandeep was associated with Vedanta Limited (formerly known as Sesa Sterlites Limited) in the capacity of Vice-President (Finance). His term of office is till his resignation or termination of services by our Company. During the Fiscal Year 2018, he was paid a remuneration of ₹101.59 lakhs.

Family relationships of Directors with Key Management Personnel

None of our Key Managerial Personnel are related to each other or to the Directors of our Company.

Status of Key Managerial Personnel

As on the date of this Draft Letter of Offer, all our Key Managerial Personnel are permanent employees of our Company.

Service Contracts with Key Managerial Personnel

Our Key Managerial Personnel have not entered into any service contracts with our Company which include termination/retirement benefits. Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company including Key Managerial Personnel is entitled to any benefit upon termination of such officer's employment or superannuation.

Arrangements or understanding with major Shareholders, customers, suppliers or others

None of our Key Managerial Personnel have been selected, as key managerial personnel, pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

Shareholding of Key Managerial Personnel

As on the date of this Draft Letter of Offer, except R. Y. Patil, our Vice President, Company Secretary and Compliance Officer who holds 51 Equity Shares, none of our other Key Managerial Personnel hold any Equity Shares in our Company.

Loans taken by Key Managerial Personnel

As on the date of this Draft Letter of Offer, our Company and Subsidiaries have not provided loans to our Key Management Personnel. Further, except as disclosed in "*Related Party Transactions*" on page 152, none of the beneficiaries of loans, advances and sundry debtors are related to the Key Management Personnel of our Company.

Contingent and deferred compensation payable to Key Managerial Personnel

As on the date of this Draft Letter of Offer, there is no contingent or deferred compensation payable to Key Managerial Personnel, which does not form part of their remuneration.

Bonus or profit-sharing plan of the Key Managerial Personnel

Our Company has no profit-sharing plan for the Key Managerial Personnel. Our Company makes bonus payments, in accordance with their terms of appointment.

Interests of Key Managerial Personnel

Our Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of their service.

Our Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in our Company. In consideration for these services, they may be paid managerial remuneration in accordance with the provisions of the applicable law.

Further, some of our Key Management Personnel may hold positions on the board of directors of our Subsidiaries, Joint Ventures and/or Group Companies.

Changes in the Key Management Personnel in last three years

Except as mentioned below, there have been no changes in the Key Management Personnel in the last three years are as follows:

Name of KMP	Designation	Date of change	Reason for change
Sandeep Agrawal	Chief Financial Officer	July 1, 2016	Appointment
V Seshadri	Chief Financial Officer	July 1, 2016	Cessation
Sunil Sethy	Managing Director	August 1, 2017	Appointment
Kapil Mehan	Managing Director	June 3, 2017	Cessation

Employees Stock Option Plan

Our Company does not have any stock option plan.

Payment of non-salary related benefits to officers of our Company

No non-salary amount or benefit has been paid or given or is intended to be paid or given to any of officer of our Company within the two years preceding the date of filing of this Draft Letter of Offer, other than in the ordinary course of their employment.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are Zuari Global Limited, Globalware Trading & Holdings Limited, Zuari Management Services Limited, and Texmaco Infrastructure & Holdings Limited. As on the date of this Draft Letter of Offer, our Promoters collectively hold 2,39,82,385 Equity Shares constituting 57.02% of the issued, subscribed and paid-up Equity Share capital of our Company. For details, see *"Capital Structure – History of build-up of Promoters' shareholding*" on page 53.

Our Company and Promoters confirm that details of the PANs, company registration numbers, and bank account numbers of our Promoters and the addresses of the respective registrar of companies where each such Promoter is registered shall be submitted to the Stock Exchanges at the time of filing of this Draft Letter of Offer with the Stock Exchanges.

Details of our Promoters

1. Zuari Global Limited ("ZGL")

Corporate Information

Zuari Global Limited was incorporated under the name of Zuari Agro Chemicals Limited on May 12, 1967 under the Companies Act 1956 as a public limited company. The name of Zuari Agro Chemicals Limited was changed to Zuari Industries Limited on February 12, 1998, and to Zuari Global Limited on June 26, 2012.

ZGL, through its wholly-owned subsidiaries, is primarily engaged in the business of real estate, furniture, and financial services. Its registered office is located at Jai Kisaan Bhawan, Zuarinagar, Goa, and its CIN is L65921GA1967PLC000157.

Except as disclosed below, ZGL has not changed its activities from the date of incorporation:

Pursuant to the Scheme of Arrangement and Demerger in the year 2011, the fertilizer undertaking of ZGL was transferred to and vested in our Company. For further details, please see "*History and other Corporate Matters – Details regarding acquisition of business/undertakings, mergers and amalgamation*" on page 113. Further, in the year 2014, ZGL modified the objects clause of its memorandum of association in order to also permit it to engage in the business of building construction and provision of infrastructural facilities.

The equity shares of ZGL are currently listed on BSE and NSE.

There has been no change in the control of ZGL in the preceding three years prior to the filing of this Draft Letter of Offer.

Shareholding Pattern

The authorised share capital of ZGL is ₹13,575.00 lakhs divided into 11,50,00,000 equity shares of face value of ₹10 each and 20,75,000 preference shares of face value ₹100 each and the issued and paid-up share capital of ZGL is ₹2,944.06 lakhs divided into 2,94,40,604 equity shares of face value ₹10 each.

The shareholding pattern of ZGL as at December 31, 2018 is as provided below:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of shares pledged or otherwise encumbered	Pledged or encumbered shares as a % of total shares held	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	15	1,61,43,659	1,61,43,659	54.83	1,61,43,659	54.83	11,96,767	7.41	1,61,43,659
(B) Public	22,608	1,32,96,945	1,32,96,945	45.17	1,32,96,945	45.17	-	-	1,29,94,465
(C1) Shares underlying DRs	-	-	-	0.00	-	0.00	-	-	-

(C2) Shares held by Employee Trust	-	-	-	0.00	-	0.00	-	-	-
(C) Non Promoter-Non Public	-	-	-	0.00	-	0.00	-	-	-
Grand Total	**22,623**	**2,94,40,604**	**2,94,40,604**	**100.00**	**2,94,40,604**	**100.00**	**11,96,767**	**7.41**	**2,91,38,124**

Promoters of ZGL

As disclosed to the stock exchanges, the promoters and members of the promoter group of ZGL as on December 31, 2018 are as follows:

1. Globalware Trading and Holdings Limited;
2. Ricon Commerce Limited;
3. Adventz Investment Company Private Limited;
4. Adventz Securities Enterprises Limited;
5. Jeewan Jyoti Medical Society;
6. Duke Commerce Limited;
7. New Eros Tradecom Limited;
8. Adventz Finance Private Limited;
9. Texmaco Infrastructure and Holdings Limited;
10. Saroj Kumar Poddar (HUF);
11. Saroj Kumar Poddar (as trustee);
12. Saroj Kumar Poddar;
13. Basant Kumar Birla;
14. Jyotsna Poddar; and
15. Akshay Poddar.

Natural persons in control of ZGL

Akshay Poddar and Saroj Kumar Poddar are the natural persons in control of ZGL. For details, please see "*Our Promoters and Promoter Group – Natural persons in control of our Promoters*" on page 139.

Board of Directors

The Board of Directors of ZGL, as on the date of this Draft Letter of Offer, comprises of the following directors:

1. Saroj Kumar Poddar;
2. Narayanan Suresh Krishnan;
3. Jyotsna Poddar;
4. Krishan Kumar Gupta;
5. Jayant Narayan Godbole; and
6. Marco Philippus Ardeshir Wadia.

ZGL has not made any public or rights issue in the preceding five years.

The closing share prices of ZGL as on February 18, 2019 on NSE and BSE were ₹96.75 and ₹97.55, respectively.

2. Globalware Trading and Holdings Limited ("GTHL")

Corporate Information

GTHL was originally incorporated as Globalware Holdings Limited on March 12, 1996 and registered with RAK International Corporate Centre, Government of Ras Al Khaimah, United Arab Emirates. Its name was changed to Globalware Trading and Holdings Limited on October 12, 2011.

GTHL is an investment company that invests primarily in shares and securities of companies. The registered office of GTHL is located at Shah & Alshamali Associates, Chartered Accountants, Suite 408, BB11 Bay Square, Dubai, PO Box 118767, United Arab Emirates.

There has been no change in the control of GTHL during the last three years preceding the date of this Draft Letter of Offer. Further, GTHL has not changed its activities since the date of incorporation.

Shareholding Pattern

The authorised share capital of GTHL is USD 10,000 divided into 10,000 equity shares of face value of USD 1 each.

Set forth below is the shareholding pattern of GTHL as on the date of this Draft Letter of Offer.

Name of Shareholder	Number of equity shares of USD 1 each	% of issued capital
Akshay Poddar	10,000	100
Total	**10,000**	**100**

Promoter of GTHL

Akshay Poddar is the promoter of GTHL.

Board of Directors

The Board of Directors of GTHL as on the date of this Draft Letter of Offer is as below:

1. Akshay Poddar; and
2. Gokul Das Binani.

GTHL has not made any public or rights issue in the preceding five years.

3. Zuari Management Services Limited ("ZMSL")

Corporate Information

ZMSL was incorporated on December 6, 2006 under the Companies Act 1956 as Zuari SEZ Limited. On February 27, 2008, the name of Zuari SEZ Limited was changed to Zuari Infrastructure and Developers Limited, and finally to Zuari Management Services Limited on January 17, 2011.

ZMSL is primarily engaged in the business of rendering management services in the areas of human resource, internal audit, and corporate communication. Its registered office is located at Jai Kisaan Bhawan, Zuari Nagar, Goa, and its CIN is U74900GA2006PLC004921.

Except as disclosed below, ZMSL has not changed its activities from the date of incorporation:

ZMSL modified the objects clause of its memorandum of association in order to also permit it to engage in the business of providing management services in areas including human resources, internal audit and corporate communication.

There has been no change in the control of ZMSL during the last three years preceding the date of this Draft Letter of Offer.

Shareholding Pattern

The authorised share capital of ZMSL is ₹5.00 lakhs divided into 50,000 equity shares of face value of ₹10 each.

Set forth below is the shareholding pattern of ZMSL as on the date of this Draft Letter of Offer.

Name of Shareholder	Number of equity shares of ₹10 each	% of issued capital

Zuari Global Limited	49,930	99.86
Zuari Global Limited jointly with Nilesh Dessai	10	0.02
Zuari Global Limited jointly with R. Y. Patil	10	0.02
Zuari Global Limited jointly with Jayant Vithal Panvelkar	10	0.02
Zuari Global Limited jointly with Alex Pacheco	10	0.02
Zuari Global Limited jointly with Samrat Sen	10	0.02
Zuari Global Limited jointly with Anand Rajadhyaksha	10	0.02
Zuari Global Limited jointly with Vinay Venkappayya	10	0.02
Total	**50,000**	**100**

Promoter of ZMSL

ZGL is the promoter of ZMSL.

Natural persons in control of ZMSL

Akshay Poddar and Saroj Kumar Poddar are the natural persons in control of ZMSL. For details, please see *Our Promoters and Promoter Group – Natural persons in control of our Promoters*" on page 139.

Board of Directors

The Board of Directors of ZMSL as on the date of this Draft Letter of Offer is as below:

1. Vijay Kathuria;
2. Naveen Kapoor; and
3. Nitin Kantak.

ZMSL has not made any public or rights issue in the preceding five years.

4. Texmaco Infrastructure & Holdings Limited ("Texmaco")

Corporate Information

Texmaco was incorporated as Textile Machinery Corporation Limited under the Indian Companies Act, 1913 on August 04, 1939. The name of the company was changed to Texmaco Limited on January 1, 1974 and then to Texmaco Infrastructure & Holdings Limited on February 13, 2012.

Texmaco is primarily engaged in the business of real estate and operating of mini-hydel power plants, and its registered office is situated at Belgharia, Kolkata. Its CIN is L70101WB1939PLC009800. Except as disclosed below, there has been no change in its business activities:

Texmaco underwent a demerger in the year 2010, demerging its heavy industry and steel foundry business into a separate company.

As on the date of this Draft Letter of Offer, the equity shares of Texmaco are listed on BSE, NSE and the Calcutta Stock Exchange.

There has been no change in the control or management of Texmaco during the last three years preceding the date of this Draft Letter of Offer.

Shareholding Pattern

The authorised share capital of Texmaco is ₹20,00,00,000 divided into 17,00,00,000 equity shares of face value of ₹1 each and 3,00,000 6% preference shares of face value of ₹100 each, and the issued and paid-up share capital of Texmaco is ₹12,74,26,590 divided into 12,74,26,590 equity shares of face value ₹1 each.

The shareholding pattern of Texmaco as on December 31, 2018 is as provided below:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. equity shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of voting rights	Total as a % of total voting rights	No. of locked in equity shares	Number of shares pledged or otherwise encumbered	No. of equity shares held in dematerialized form
A) Promoter & Promoter Group	26	7,92,33,786	7,92,33,786	62.18	7,92,33,786	60.83	-	7,38,800	7,92,33,786
(B) Public	18,741	4,81,92,804	4,81,92,804	37.82	4,81,92,804	39.17	19,570	-	4,73,10,154
(C1) Shares underlying DRs	-	-	-	-	-	-	-	-	-
(C2) Shares held by Employee Trust	-	-	-	-	-	-	-	-	-
(C) Non Promoter-Non Public	-	-	-	-	-	-	-	-	-
Grand Total	**18,767**	**12,74,26,590**	**12,74,26,590**	**100.00**	**12,74,26,590**	**100.00**	**19,570**	**7,38,00**	**12,65,43,940**

Promoters of Texmaco

As disclosed to the stock exchanges, the promoters and members of the promoter group of Texmaco as on December 31, 2018 are as follows:

1. New Eros Tradecom Limited;
2. Adventz Securities Enterprises Limited;
3. Adventz Investment Company Private Limited;
4. Abhishek Holdings Private Limited;
5. Texmaco Rail & Engineering Limited;
6. Greenland Trading Private Limited;
7. Duke Commerce Limited;
8. Adventz Finance Private Limited;
9. Jeewan Jyoti Medical Society;
10. Zuari Global Limited;
11. Zuari Investments Limited;
12. Premium Exchange and Finance Limited;
13. Indrakshi Trading Company Private Limited;
14. Eureka Traders Private Limited;
15. Aasthti Agarwala;
16. Kumari Anisha Agarwala;
17. Saroj Kumar Poddar (HUF);
18. Saroj Kumar Poddar (as trustee);
19. Saroj Kumar Poddar;
20. Jyotsna Poddar (as trustee);
21. Jyotsna Poddar;
22. Shrada Agarwala;
23. Akshay Poddar; and
24. Puja Poddar.

Natural persons in control of Texmaco

Akshay Poddar and Saroj Kumar Poddar are the natural persons in control of Texmaco. For details, please see *Our Promoters and Promoter Group – Natural persons in control of our Promoters*" on page 139.

Board of Directors

The Board of Directors of Texmaco as on the date of this Draft Letter of Offer is as below:

1. Akshay Poddar;
2. Kaarthikeyan Devarayapuram Ramasamy;
3. Narayanan Suresh Krishnan;
4. Saroj Kumar Poddar;
5. Santosh Kumar Rungta;
6. Utsav Parekh;
7. Kalpataru Tripathy; and
8. Jyotsna Poddar.

Texmaco has not made any public or rights issue in the preceding five years.

The closing share prices of Texmaco as on February 18, 2019 on BSE and NSE were ₹51.75 and ₹52.00, respectively.

Natural persons in control of our Promoters

1. **Akshay Poddar**

Akshay Poddar, born on July 20, 1976, aged 42 years, holds a bachelor's degree in Science with honours in accounting and finance from the London School of Economics and Political Science, University of London. He also holds a master's degree of science in leadership and strategy from London Business School. He was also a member of the Entrepreneurs' Organisation, Kolkata and Young Presidents' Organisation.

Driving license number: WB – 0210050252080

Permanent account number: AFUPP0096C

Aadhaar card number: 3302 6679 9961

2. **Saroj Kumar Poddar**

Saroj Kumar Poddar, born on September 15, 1945, aged 73 years, holds a bachelor's degree in commerce from St. Xavier's College, University of Calcutta. He has served as the President of the Federation of Indian Chambers of Commerce and Industry and the President of International Chamber of Commerce in India. He was also appointed as a member of the Board of Trade and a member of the Court of the Indian Institute of Science, Bangalore by the Government of India. He was also on the Advisory Board of N M Rothschild (India) Limited. He is also a recipient of the Rashtriya Samman award from the Central Board of Direct Taxes.

Driving license number: WB – 0119650093238

Permanent account number: AFTPP2386N

Aadhaar card number: 3770 1729 2678

Other Disclosures, Undertakings and Confirmations of Promoters

None of the persons in control of our Promoters or directors of our Promoters have been declared as a wilful defaulter by any bank or financial institution, or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI or any other government authority and there are no violations of securities laws committed by our Promoters or their promoters or directors in the past and no proceedings for violation of securities laws are pending against them.

None of the directors or promoters of our Promoters have been declared a fugitive economic offender within the meaning of the Fugitive Economic Offenders Act, 2018.

None of our Promoters or our Promoter Group or our Directors or natural persons in control of our Promoters has been restrained from accessing the capital markets for any reasons by SEBI or any other entity. Further, as on the date of this Draft Letter of Offer, our Promoters are not and have never been promoters, directors or persons in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or government authority.

There has been no change in the control of any of our Promoters in the three years preceding the date of this Draft Letter of Offer.

Disassociation by the Promoters in the last three years

There are no ventures with which any of our Promoters have disassociated during the three years preceding the date of filing of this Draft Letter of Offer.

Interest of our Promoters

1. *Interest in our Company*

Our Promoters are interested in our Company to the extent they have promoted our Company, or to the extent of their shareholding in our Company, dividend or other distributions payable, if any and to the extent of appointment of directors and or key managerial personnel to us, and the payment of their respective salaries or remuneration. For details on the shareholding of our Promoters in our Company, please see the chapter titled "*Capital Structure - Notes to Capital Structure*" on page 51. For further details of interest of our Promoters in our Company, see "*Related Party Transactions*" on page 152.

2. *Interest of Promoter in the property of our Company*

Except as disclosed below or in the section "*Related Party Transactions*" on page 152, our Promoters have no interest in any of the properties acquired within the three years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company as on the date of this Draft Letter of Offer.

- Our Company has entered into an agreement for sale dated March 31, 2017 with ZGL to acquire land measuring 13.57 acres, located at Shirapur, Maharashtra, for a consideration of ₹55.90 lakhs; and

- Our Company has entered into an agreement of sale dated March 31, 2017 with ZGL to acquire land measuring 106 acres, located at Lamboti, Maharashtra, for a consideration of ₹265.00 lakhs.

- Our Company has entered into an agreement of sale dated March 28, 2014 ("**Sale Agreement**") with ZGL to sell land measuring 12,58,409 square meters, located at Sancoale, Goa, for a consideration of ₹16,359.32 lakhs.

For further details, see "*Risk Factors - Certain of our Directors and Promoters are interested in our Company in addition to their remuneration and reimbursement of expenses.*" on page 27.

3. *Interest of Promoter in transactions for acquisition of land, construction of building and supply of machinery, etc.*

Except as disclosed in the section "*Our Promoters and Promoter Group – Interest of Promoter in the property of our Company*" on page 140, our Promoters are not interested in any transactions for the acquisition of land, construction of building or supply of machinery etc:

4. *Interest in the intellectual property rights used by our Company*

Our Promoters are not interested in any intellectual property rights which are used by our Company, or the entities owning or licensing such intellectual property rights to the Company.

5. *Interest of Promoters in our Company other than as promoter*

Except as mentioned in this section and in "*Business*", "*Objects of the Issue*", *"History and Other Corporate Matters*", "*Financial Indebtedness*" and "*Related Party Transactions*" on pages 84, 61, 107, 324 and 152 respectively, our Promoters do not have any interest in our Company other than as a promoter.

6. *Other interests*

Our Promoters are not interested as a member of any firm or any company and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person either to induce such person to become, or qualify him as a Promoter or a Director, or otherwise for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

Payment of amount or benefits to our Promoter or Promoter Group during the last two years

Except as stated below and in the chapter titled "*Related Party Transactions*" on page 152 about the related party transactions entered into during the last three Fiscals and the six-month period ended September 30, 2018 and in "*Our Management*" on page 117, no amount or benefits were paid or were intended to be paid to our Promoters or Promoter Group during the last two years from the date of filing of this Draft Letter of Offer.

i. Our Company has made payments amounting to ₹0.53 lakhs to Zuari Indian Oiltanking Private Limited for providing Nitrogen purging services.

ii. Our Company has obtained an inter-corporate deposit of ₹10,000 lakhs at 9.25% interest per annum, from Adventz Finance Private Limited, a member of our Promoter Group.

Litigation

For information on details relating to the litigation in relation to our Promoters, see "*Outstanding Litigation and Material Developments*" on page 327.

Material Guarantees

Our Promoters have not given any material guarantees to third parties with respect to the Equity Shares of our Company.

Except as disclosed below, there are no common pursuits among any of our Promoters and our Company:

Our Promoters are interested in Chambal Fertilisers & Chemicals Limited, which is engaged in business that is similar to the business of the Company. In the past, there have not been any instances of conflict of interest between our Company and our Chambal Fertilisers & Chemicals Limited. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise. For further details, see "*Risk Factors - Our Promoters are involved in an entity that may operate in similar lines of business as us and certain of our Directors are also on the board of directors of such entity. In the event of a conflict of interest, our Promoters and our Directors may favour the interests of such entity over our interests."* on page 22.

Promoter Group

In addition to our Promoters, the following individuals and entities form part of our Promoter Group:

Individuals:

1. Akshay Poddar;
2. Basant Kumar Birla;
3. Jyotsna Poddar; and
4. Saroj Kumar Poddar.

Corporate entities:

1. Adventz Finance Private Limited;
2. Adventz Investment Company Private Limited;
3. Adventz Securities Enterprises Limited
4. Duke Commerce Limited;
5. High Quality Steels Limited;
6. Indian Furniture Products Limited;
7. Jeewan Jyoti Medical Society;
8. Lionel India Limited;
9. Macfarlane & Co Limited;
10. Magnacon Electricals India Limited;
11. New Eros Tradecom Limited;
12. Ricon Commerce Limited;
13. Saroj and Jyoti Poddar Holdings Private Trust*;
14. Sigma Rail Systems Private Limited;
15. Simon India Limited;
16. Texmaco Rail & Engineering Limited;
17. Zuari Finserv Limited (formerly, Zuari Finserv Private Limited);
18. Zuari Gulf RMC FZC;
19. Zuari Indian Oiltanking Private Limited;
20. Zuari Infraworld India Limited;
21. Zuari Investments Limited; and
22. Zuari Sugar & Power Limited.

**Saroj Kumar Poddar holds Equity Shares of the Company as trustee on behalf of Saroj and Jyoti Poddar Holdings Private Trust*.

GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the applicable accounting standards, for the purpose of identification of 'Group Companies', our Company has considered (i) such companies (other than the Promoters and Subsidiaries) with which there were related party transactions, as disclosed in the Restated Ind AS Consolidated Summary Statements; (ii) such companies which are members of the Promoter Group and with which there were transactions in Fiscal 2018 and the six months period ended September 30, 2018 in respect of the Restated Ind AS Consolidated Summary Statements, which, individually or in the aggregate, exceed 10% of the total restated consolidated revenues of our Company for Fiscal 2018 and the six months period ended September 30, 2018 ; (iii) such related parties with which there were transactions for the period after the stub period, in respect of which, the Restated Ind AS Consolidated Summary Statements are included in this Draft Letter of Offer; and (iv) and other companies which are considered material by our Board in terms of the Materiality Policy.

Accordingly, in terms of the policy adopted by our Board for determining group companies on January 7, 2019, we have set out herein the details of our Group Companies. Our Board has also approved that, as on the date of the aforesaid resolution, there are no other group companies of our Company other than the companies disclosed herein.

As on the date of this Draft Letter of Offer, following companies are the 'Group Companies' of our Company:

1. Gobind Sugar Mills Limited ("**Gobind**");
2. Paradeep Phosphates Limited ("**PPL**");
3. Simon India Limited ("**Simon**");
4. Forte Furniture Products (India) Private Limited ("**Forte**");
5. Indian Furniture Products Limited ("**Indian Furniture**");
6. Zuari Indian Oil Tanking Private Limited ("**Zuari Indian Oil Tanking**");
7. Adventz Industries India Limited ("**Adventz Industries**");
8. Zuari Infraworld India Limited ("**Zuari Infraworld**");
9. Zuari Investments Limited ("**Zuari Investments**"); and
10. Zuari Maroc Phosphates Private Limited ("**ZMPPL**").

Our top five Group Companies

In accordance with the requirement of the SEBI ICDR Regulations, the following are our top five Group Companies, including our listed group company and our largest unlisted group companies (based on turnover):

1. Gobind;
2. PPL;
3. Simon;
4. Indian Furniture; and
5. Forte.

1. Gobind

Corporate Information

Gobind was incorporated on August 18, 1952 under the Companies Act, 1913, as a public limited company. Its CIN is L15421WB1952PLC020577 and its registered office is located at 9/1, RN Mukherjee Road, Kolkata – 700 001.

Nature of activities

Gobind is primarily engaged in extraction of sugar from sugarcane and sale of the same along with its by-products molasses and press mud. It is also engaged in generation and export of power by utilising its by-product bagasse. It currently has manufacturing facilities at Aira Estate, Lakhimpur Kheri, Uttar Pradesh, which is its principal place of business.

The equity shares of Gobind are listed on the Metropolitan Stock Exchange of India Limited.

Financial Information

The financial information derived from the standalone audited financial statements of Gobind for Fiscals 2018, 2017 and 2016 are set forth below:

(*in ₹ lakhs, except otherwise stated*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	320.00	320.00	320.00
Reserves and surplus (excluding revaluation reserves)	11.24	2,208.16	436.84
Sales	29,432.87	40,489.27	33,372.08
Profit/Loss after tax	(2,057.36)	1,836.78	1,492.74
Earnings/(loss) per share (₹) (Basic)	(64.29)	57.40	46.01
Earnings/(loss) per share (₹) (Diluted)	(64.29)	57.40	46.01
Net asset value per share (₹)	10	10	10

Significant notes by the auditors of Gobind in the last three Fiscals

For Fiscal 2018, the auditors expressed the following qualified opinion:

"*The Company has valued its inventory of finished goods and work in progress based on net realizable value which is lower than the cost of finished goods and work in progress. In the absence of necessary audit evidence with respect to net realizable value used by the management, we are unable to comment on the carrying value of the inventory and its consequential impact on the accompanying financial results.*"

Share Price Information

There has been no trading in the shares of Gobind since their listing on the Metropolitan Stock Exchange of India Limited on October 19, 2016.

2. PPL

Corporate Information

PPL was incorporated on December 24, 1981 under the Companies Act, 1956 as a public limited company. Its CIN is U24129OR1981PLC001020 and its registered office is located at 5th Floor, Orissa State Handloom Weavers' Cooperative Building, Pandit JN Marg, Bhubaneswar – 751001.

Nature of activities

PPL manufactures and markets straight and complex fertilizers such as DAP, NPK and MOP. For further details relating to the activities undertaken by PPL, see the section *Our Business* on page 84.

The shares of PPL are not listed on any stock exchange.

Financial Information

The financial information derived from the standalone audited financial statements of PPL for Fiscals 2018, 2017 and 2016 are set forth below:

(*in ₹ lakhs, except otherwise stated*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	57,545.00	57,545.00	57,545.00
Reserves and surplus (excluding revaluation reserves)	81,998.71	67,081.54	58,162.35
Sales	3,81,669.15	3,77,935.17	4,83,752.66
Profit/Loss after tax	15,058.51	8,691.40	6,509.02
Earnings/(loss) per share (₹)	261.68	151.04	113.11

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
(Basic)			
Earnings/(loss) per share (₹) (Diluted)	261.68	151.04	113.11
Net asset value per share (₹)	2,424.95	2,165.72	1,974.96

Significant notes by the auditors of PPL in the last three Fiscals

There are no significant notes of the auditors in relation to the aforementioned financial statements.

3. Simon

Corporate Information

Simon was incorporated on July 24, 1995 under the Companies Act, 1956 as a private limited company. It was converted into a public company with effect from July 15, 1996. Its CIN is U74899DL1995PLC071074 and its registered office is located at Birla Mill Complex, P.O. Birla Lines, G.T. Road, Near Clock Tower, Delhi – 110 007.

Nature of activities

Simon is in the business of engineering, procurement and construction.

The shares of Simon are not listed on any stock exchange.

Financial Information

The financial information derived from the standalone audited financial statements of Simon for Fiscals 2018, 2017 and 2016 are set forth below:

(*in ₹ lakhs, except otherwise stated*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	500.00	500.00	500.00
Reserves and surplus (excluding revaluation reserves)	9,882.99	1,0262.91	10,496.38
Sales	19,007.02	8,944.87	8,742.42
Profit/Loss after tax	(2,100.41)	(925.93)	80.60
Earnings/(loss) per share (₹) (Basic)	(42.01)	(18.52)	1.61
Earnings/(loss) per share (₹) (Diluted)	(42.01)	(18.52)	1.61
Net asset value per share (₹)	207.65	215.26	219.93

Significant notes by the auditors of Simon in the last three Fiscals

For Fiscal 2018, the auditors made the following observation under other matters:

"The financial statements of the Company for the year ended March 31, 2017, were audited by predecessor auditor who expressed a qualified opinion in the audit report dated May 16, 2017.

We did not audit the financial statements of one branch office, whose financial statements reflect total assets of ₹16.67 lakhs and net assets of (₹95.16) lakhs as at March 31, 2018, total revenues of 'Nil' and net cash inflows/outflows amounting to (₹20.60) lakhs for the year ended on that date as considered in these financial statements. These financial statements have been audited by another auditor whose reports have been furnished to us by the management, and our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the reports of the other auditor. Our opinion is not modified in respect of this matter."

For Fiscal 2017, the auditors expressed the following qualified opinion:

"*the Company has during the year ended March 31, 2016 accounted for fair valuation loss of Rs. 1831.35 lakhs on purchase of 250 lakhs preference shares of Rs. 2500 lakhs from another fellow subsidiary company (which were originally issued by another fellow subsidiary company) as deferred loss on fair value of investment and amortizing the loss over the remaining period of redemption of such preference shares. The carrying value of deferred loss on fair value of investment as on March 31, 2017 is Rs. 1698.37 lakhs (March 31, 2016 Rs. 1814.76 lakhs). The amortisation loss of Rs. 116.39 lakhs is debited to statement of profit and loss. In our opinion, the recognition of fair value loss as deferred loss on fair value of investment constitutes a departure from Ind AS 109. As per the said standard, the fair value loss on acquisition of the above mentioned preference shares should have been adjusted against the retained earnings of the Company on the date of purchase, as the transaction is between two fellow subsidiaries having a common parent. Had the Company done the same, retained earnings of the Company would have been lower by Rs. 1698.37 lakhs as on March 31, 2017 (March 31, 2016 Rs. 1814.76 lakhs), profit before tax for the year would have been higher by Rs. 116.39 lakhs (March 31, 2016 Rs. 16.58 lakhs) and other non-current assets and other current assets would have been lower by Rs. 1562.21 lakhs and Rs. 136.16 lakhs respectively.*"

4. Forte

Corporate Information

Forte was incorporated under the Companies Act, 2013 on February 1, 2017 as a private limited company. Its CIN is U36999TN2017PTC114302 and its registered office is located at G-106, SIDCO Industrial Estate Kakkalur Thiruvallur, Tamil Nadu – 602 003.

Nature of activities

Forte is engaged in the business of manufacturing and trading ready-to-assemble furniture.

The shares of Forte are not listed on any stock exchange.

Financial Information

The financial information derived from the standalone audited financial statements of Forte for Fiscals 2018, 2017 and 2016 are set forth below:

(*in ₹ lakhs, except otherwise stated*)

Particulars	Fiscal 2018
Equity capital	2,801.0
Reserves and surplus (excluding revaluation reserves)	(3,138.50)
Sales	5,084.2
Profit/Loss after tax	(3,318.5)
Earnings/(loss) per share (₹) (Basic)	(11.21)
Earnings/(loss) per share (₹) (Diluted)	(11.21)
Net asset value per share (₹)	(1.2)

Significant notes by the auditors of Forte in the last three Fiscals

For Fiscal 2018, the auditors made the following observation under other matters:

"According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting with reference to these financial statements on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting with reference to these financial statements as at March 31, 2018 and whether such internal financial controls were operating effectively. Accordingly, we do not express an opinion on Internal Financial Controls over Financial Reporting with reference to these financial statements.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered

Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Forte Furniture Products India Private Limited, which comprise the Balance Sheet as at March 31, 2018, and the related Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 financial statements of Forte Furniture Products India Private Limited and this report does not affect our report dated June 14, 2018 which expressed an unqualified opinion on those financial statements."

5. Indian Furniture

Corporate Information

Indian Furniture was incorporated as a public limited company under the Companies Act, 1956 on December 06, 2000. Its CIN is U72200TN2000PLC089255 and its registered office is located at G-106, SIDCO Industrial Estate Kakkalur Thiruvallur, Tamil Nadu – 602 003.

Nature of activities

Indian Furniture is engaged in the business of manufacture and sale of furniture.

The shares of Indian Furniture are not listed on any stock exchange.

Financial Information

The financial information derived from the standalone audited financial statements of Indian Furniture for Fiscals 2018, 2017 and 2016 are set forth below:

(*in ₹ lakhs, except otherwise stated*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	7,009.95	7,009.95	7,009.95
Reserves and surplus (excluding revaluation reserves)	475.95	(173.87)	1,918.13
Sales	4,378.40	11,422.75	11,929.33
Profit/Loss after tax	(302.08)	(2,067.32)	(1,146.15)
Earnings/(loss) per share (₹) (Basic)	(0.43)	(2.95)	(1.63)
Earnings/(loss) per share (₹) (Diluted)	(0.43)	(2.95)	(1.63)
Net asset value per share (₹)	9.32	9.75	12.74

Significant notes by the auditors of Indian Furniture in the last three Fiscals

For Fiscal 2018, the auditors expressed the following qualified opinion:

"*Financial assets in Note 5(b) to the financial statements include ₹1,125.00 lacs (previous year: ₹1,125.00 lacs), representing inter-company deposit and interest thereon up to 31 March 2010, recoverable from Straight Curve Ideas Private Limited ("SCIPL"). Based on factors described in Note 41 to the financial statements, the management is confident of recovery of aforementioned receivables outstanding as at 31 March 2018. However, in view of the legal uncertainties' involved and significant lapse of time, we believe that the chances of recovery of such amount are remote and the same should be impaired in accordance with expected loss principles of Ind AS 109. Had the Company followed the principles of Ind AS 109, other expenses and net loss for the year ended 31 March 2018 would have been higher by ₹1,125.00 lacs (previous year ₹1,125.00 lacs), and the financial assets and other equity would have been lower by such amount.*"

For Fiscal 2017, the auditors expressed the following qualified opinion:

"*Financial assets in Note 6 to the financial statements include Rs. 112.50 million (Previous year – Rs. 112.50 million), representing intercompany deposits and interest thereon up to March 31, 2010, recoverable from Straight Curve Ideas Private Limited ("SCIPL"). As more fully discussed in note 30 to the financial statements, the Company has initiated legal proceedings against SCIPL, and is confident of recovery of the amount* *outstanding. In view of the legal uncertainties involved, we are unable to comment on the possible adjustments, if any, that may be required to be made to the financial statements in this regard. Our audit opinion on the financial statements for the year ended March 31, 2016 was also qualified in respect of this matter.*"

For Fiscal 2016, the auditors expressed the following qualified opinion:

"*Loans and advances in Note 12 to the financial statements include Rs 112.5 million (Previous year – Rs. 112.5 million), representing intercompany deposits and interest thereon up to March 31, 2010, recoverable from Straight Curve Ideas Private Limited ("SCIPL"). As more fully discussed in note 30 to the financial statements, the Company has initiated legal proceedings against SCIPL, and is confident of recovery of the amount outstanding. In view of the legal uncertainties involved, we are unable to comment on the possible adjustments, if any, that may be required to be made to the financial statements in this regard. Our audit opinion on the financial statements for the year ended March 31, 2015 was also qualified in respect of this matter.*"

Details of loss-making Group Companies

Except the Group Companies mentioned below, none of our Group Companies has incurred a loss in the preceding year:

1. Gobind;
2. Simon;
3. Forte;
4. Indian Furniture;
5. Adventz Industries;
6. Zuari Infraworld; and
7. Zuari Investments.

The disclosure for Gobind, Simon, Forte and Indian Furniture has been included in "*Group Companies- Our top five Group Companies"* on page 143.

1. Adventz Industries

Corporate Information

Adventz Industries was incorporated on June 14, 2010 under the Companies Act, 1956 as a public limited company. Its CIN is U74900WB2010PLC183704 and its registered office is located at 31, BBD Bagh (South), Kolkata – 700 001.

Nature of activities

Adventz Industries is engaged in the business of registration of trademarks.

The securities of Adventz Industries are not listed on any stock exchange.

Adventz Industries made a loss in the preceding year. Its profit/loss figures for Fiscals 2018, 2017 and 2016 are provided below:

(*in ₹lakhs*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Profit/Loss after tax	(1.72)	(13.44)	(0.99)

2. Zuari Infraworld

Corporate Information

Zuari Infraworld was incorporated under the Companies Act, 1956 on June 18, 2007 as a private limited company, and was converted into a public limited company with effect from January 29, 2010. Its CIN is U45309KA2007PLC043161 and its registered office is located at Adventz Centre, No. 28, First Floor, Cubbon Road, Bengaluru – 560 001.

Nature of activities

Zuari Infraworld is engaged in the business of construction and development.

The securities of Zuari Infraworld are not listed on any stock exchange.

Zuari Infraworld made a loss in the preceding year. Its profit/loss figures for Fiscals 2018, 2017 and 2016 are provided below:

(*in ₹lakhs*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Profit/Loss after tax	(308.67)	(238.36)	67.70

3. Zuari Investments

Corporate Information

Zuari Investments was incorporated under the Companies Act, 1956 on October 9, 1995 as a public limited company. Its CIN is U65993GA1995PLC1942 and its registered office is located at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726.

Nature of activities

Zuari Investments is engaged in the business of strategic investments in instruments including shares, stocks, debentures and bonds.

The securities of Zuari Investments are not listed on any stock exchange.

Zuari Investments made a loss in the preceding year. Its profit/loss figures for Fiscals 2018, 2017 and 2016 are provided below:

(*in ₹lakhs*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Profit/Loss after tax	(338.94)	(1,556.29)	(1,705.04)

Other Group Companies

1. ZMPPL

Corporate Information

ZMPPL was incorporated under the Companies Act, 1956 on January 24, 2002, and was converted into a private company with effect from March 30, 2015. Its CIN is U24124OR2002PTC017414. and its registered office is located at 5th Floor, Orissa State Handloom Weavers' Co-operative Building, Pandit J.N Marg, Bhubaneswar, Khordha, Odisha – 751 001.

Nature of activities

ZMPPL is engaged in the business of strategic investments in various instruments including shares, stocks and debentures.

The securities of ZMPPL are not listed on any stock exchange.

2. Zuari Indian Oil Tanking

Corporate Information

Zuari Indian Oil Tanking was incorporated under the Companies Act, 1956 on July 14, 2000 as a public limited company, and was converted into a private limited company with effect from April 15, 2015. Its CIN is

U11202GA2000PTC002869 and its registered office is located at Oil Terminal, NH 17B, Sancaole, Vasco Da Gama, Goa – 403 726.

Nature of activities

Zuari Indian Oil Tanking is engaged in the business of providing terminalling services in respect of bulk petroleum products to third parties.

The securities of Zuari Indian Oil Tanking are not listed on any stock exchange.

Details of sick or defunct group companies, and of group companies under winding up or corporate insolvency resolution process

As on the date of this Draft Letter of Offer, none of our Group Companies have become sick or defunct within the meaning of the erstwhile Sick Industries Companies (Special Provisions) Act, 1985, nor has any of our Group Companies been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further, as on the date of this Draft Letter of Offer, no winding up or insolvency or bankruptcy proceedings have been initiated against any of our Group Companies, nor has any application been made to the RoC for striking off the name of any of them during the five years preceding the date of filing of this Draft Letter of Offer.

Nature and extent of interest of our Group Companies

Interest in the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

Interest in the property acquired or proposed to be acquired by the Company

None of our Group Companies are interested, directly or indirectly, in the properties acquired by our Company in the preceding three years or proposed to be acquired by our Company.

Interest in transactions for acquisition of land, construction of building, or supply of machinery

Except as disclosed below, none of our Group Companies is interested, directly or indirectly, in any transactions for acquisition of land, construction of building, supply of machinery, or any other contract, agreement or arrangement entered into by our Company, and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements, by any of our Group Companies:

- Our Company has entered into a sub-lease agreement dated March 1, 2017 with Zuari Infraworld.

Common pursuits among Group Companies and Subsidiaries

Except for PPL which is engaged *inter alia* in the business of manufacturing, production, processing, marketing, import and export of fertilizers, heavy chemicals, pesticides and seeds, there are no common pursuits among any of our Group Companies and our Company. PPL is the subsidiary of Zuari Maroc Phosphates Private Limited, which is a joint venture of our Company. Accordingly, there is no conflict of interest between PPL and our Company.

For details regarding the common pursuits among our Subsidiaries and our Company, see "*History and Other Corporate Matters*" on page 107.

Related business transactions and their significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Related Party Transactions*" on page 152, there are no related business transactions between the Group Companies and our Company.

Business interest of our Group Companies and Subsidiaries in our Company

Except as disclosed in the section "*Related Party Transactions*" on page 152, the Group Companies have no business interest in our Company. For details regarding the business interest of our Subsidiaries in our Company, please see the section “*History and Other Corporate Matters*” on page 107.

Litigation proceedings material to our Company

For details relating to the legal proceedings involving our Group Companies which have a material impact on our Company, see *Outstanding Litigation and Other Material Developments* on page 327.

Other confirmations

(a) Our Group Companies have not made any public/rights issue in the last three years.

(b) As on the date of this Draft Letter of Offer, none of our Group Companies has been declared as a wilful defaulter as defined under the SEBI ICDR Regulations.

(c) As on the date of this Draft Letter of Offer, none of our Group Companies has been prohibited by the SEBI or any other regulatory or governmental authorities from accessing the capital markets for any reasons.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e., Ind AS 24 - 'Related Party Disclosures' and SEBI ICDR Regulations during the six month period ended September 30, 2018 and the financial years ended March 31, 2018, 2017 and 2016, please refer "*Financial Statements – Restated Ind AS Consolidated Summary Statements – Annexure V*" on page 231.

DIVIDEND POLICY

Our Company has no formal dividend policy as on date of filing this Draft Letter of Offer. The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by the Shareholders, in their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company.

In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions and restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects. Our Company may also, from time to time, pay interim dividends.

In addition, our ability to pay dividends may be impacted by a number of other factors, including restrictive covenants under the loan or financing documents, our Company is currently a party to or may enter into from time to time. For more information on restrictive covenants under our loan agreements, see *"Financial Indebtedness"* beginning on page 324.

Dividends/ interim dividend declared in the last three Fiscals

Except as stated below our Company has not declared any dividends in any of the three fiscal years preceding the filing of this Draft Letter of Offer, the six-month period ended September 30, 2018 and in the period from October 1, 2018 till the date of this Draft Letter of Offer.

Period	Face value per Equity Share	Dividend per Equity Share (₹)	Proposed dividend on equity shares (₹ in lakhs)	Rate of dividend (%)	Dividend Tax (%)
From October 1, 2018 till date of this Draft Letter of Offer	10	-	0.00	-	-
Six-month period ended September 30, 2018	10	-	0.00	-	-
Fiscal 2018	10	-	0.00	-	-
Fiscal 2017	10	1.00	420.58	10	15
Fiscal 2016	10	-	0.00	-	-

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. For details in relation to the risk involved, see "*Risk Factors - Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements"* on page 28.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Financial Statements	Page No.
1.	Restated Ind AS Consolidated Summary Statements	155 - 255

Auditors' Report on the Restated Ind AS Consolidated Summary Statements of assets and liabilities as at September 30, 2018, March 31, 2018, 2017 and 2016, Restated Ind AS Consolidated Statement of profits and loss including other comprehensive income, the Restated Ind AS Consolidated Statement of changes in equity and the Restated Ind AS Consolidated Cash Flow Statement for the six months period ended September 30, 2018 and for each of the financial years ended March 31, 2018, 2017 and 2016, and the Summary Statement of Significant Accounting Policies and other explanatory information of Zuari Agro Chemicals Limited (collectively, the "Restated Ind AS Consolidated Summary Statements")

To
The Board of Directors
Zuari Agro Chemicals Limited
Jai Kisaan Bhavan, Zuarinagar,
Goa-403726, India

Dear Sirs,

1. We have examined the attached Restated Ind AS Consolidated Summary Statements of Zuari Agro Chemicals Limited (hereinafter referred to as "the Company" or "ZACL"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), its joint ventures including its subsidiary and associate, as at September 30, 2018, March 31, 2018 , 2017 and 2016 and for the six months period ended September 30, 2018; and each of the financial years ended March 31, 2018 , 2017 and 2016 annexed to this report and prepared by the Company for the purpose of inclusion in the Draft Letter of Offer ("DLOF") and Letter of Offer ("LOF") in connection with its proposed rights issue of compulsory convertible debentures ("Rights Issue"). The Restated Ind AS Consolidated Summary Statements, which have been approved by the Board of Directors of the Company at their meeting held on February 8, 2019, have been prepared in accordance with the requirements of:

    a. relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and

    b. the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

Board of Director's Responsibility for the Restated Ind AS Consolidated Summary Statements

2. The preparation of the Restated Ind AS Consolidated Summary Statements, which are to be included in the DLOF and LOF, is the responsibility of the Board of Directors of the Company for the purpose set out in paragraph 12 below. The Restated Ind AS Consolidated Summary Statement have been prepared by the management of the Company on the basis of preparation stated in Note 2.A.(i) to the Restated Ind AS Consolidated Summary Statements. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Consolidated Summary Statements. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the ICDR Regulations and the Guidance Note.

Auditors' Responsibilities

3. We have examined such Restated Ind AS Consolidated Summary Statements taking into consideration:

    a. The terms of reference and terms of our engagement agreed upon with you in accordance with engagement letter dated October 11, 2018, in connection with the Rights Issue of the Company;

    b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

    c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Ind AS Consolidated Summary Statements; and

S.R. BATLIBOI & CO. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

Limited Review Report

Review Report to
The Board of Directors
Zuari Agro Chemicals Limited

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of Zuari Agro Chemicals Limited (the 'Company') for the quarter ended December 31, 2018 and year to date from April 1, 2018 to December 31, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS) 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Emphasis of Matter

   a) We draw attention to Note 13 of the unaudited standalone Ind AS financial results, which describes the impact of Rs.11.62 crore as an adjustment related to assessment of the impairment of investment in MCA Phosphates Pte Ltd, a joint venture company, which has led to a restatement of the standalone financial results for the year ended March 31, 2018 included in the Statement. Our conclusion is not qualified in respect of this matter.

   b) We draw attention to Note 16 of the unaudited standalone financial results, wherein the Company is carrying a receivable of Rs.19.49 crore in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Company has not made any provision in this regard in the financial results. Our conclusion is not qualified in respect of this matter.

   c) We draw attention to Note 7 regarding Goods and Services Tax ('GST') credit on input services recognized by the Company based on its assessment and on a legal opinion obtained by its subsidiary and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Company has also filed a writ petition in the High Court of Bombay at Goa and is confident of matter being to be decided in its favor. Our conclusion is not qualified in respect of this matter.

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Vishal Sharma
Partner
Membership No.: 096766

Place: Gurugram
Date: February 8, 2019

S.R. BATLIBOI & CO. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

Limited Review Report

Review Report to
The Board of Directors
Zuari Agro Chemicals Limited

1. We have reviewed the accompanying statement of unaudited consolidated Ind AS financial results of Zuari Agro Chemicals Limited Group comprising of Zuari Agro Chemicals Limited (the 'Company'), its subsidiaries (together referred to as 'the Group'), its joint ventures and its associates, for the quarter ended December 31, 2018 and year to date from April 1, 2018 to December 31, 2018 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').

2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue express a conclusion on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. We draw attention to Note 18 of the unaudited consolidated Ind AS financial results which include the Group's share of total comprehensive income / (loss) (comprising of income / (loss) and other comprehensive income / (loss)) of Rs. (3.40) crore and Rs. 9.32 crore for the quarter and the period ended December 31, 2018 respectively, in respect of one joint venture, located outside India, whose financial statements and other financial information have not been subject to a review and has been compiled and approved by the management. The Company's management has converted such unreviewed financial statements of such joint venture located outside India from accounting principles generally accepted in the respective country to accounting principles generally accepted in India. Accordingly, we are unable to comment on the financial impact, if any, on the Statement of unaudited consolidated financial results if the same had been reviewed or audited.

5. Emphasis of Matter

   a) We draw attention to Note 13 of the unaudited consolidated Ind AS financial results, which describes the impact of Rs.11.62 crore as an adjustment related to assessment of the impairment of investment in MCA Phosphates Pte Ltd, a joint venture company, which had led to a restatement of the consolidated financial results for the year ended March 31, 2018 included in the Statement. Our conclusion is not qualified in respect of this matter.

   b) We draw attention to Note 16 of the unaudited consolidated Ind AS financial results, wherein the Company is carrying receivable of Rs.19.49 crore in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Company has not made any provision in this regard in the financial results. Our conclusion is not qualified in respect of this matter.

   c) We draw attention to Note 10 of the unaudited consolidated Ind AS financial results regarding Urea Concession Income from the Government of India (GOI) in case of one subsidiary, which is being recognised based on estimates, and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme. Our conclusion is not qualified in respect of this matter.

d) We draw attention to Note 7 regarding Goods and Services Tax ('GST') credit on input services recognized by the Group including the Company based on its assessment and on a legal opinion obtained by its subsidiary and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Company has also filed a writ petition in the High Court of Bombay at Goa and is confident of matter being to be decided in its favor. Our conclusion is not qualified in respect of this matter.

6. The unaudited consolidated Ind AS financial results include financial results and other financial information in respect of one subsidiary located outside India, whose financial results and other financial information reflect total revenue of Rs.1.70 crore and Rs.4.96 crore for the quarter and the period ended December 31, 2018 respectively and total comprehensive income / (loss) (comprising of income / (loss) and other comprehensive income / (loss)) of Rs. (0.05) crore and Rs. 0.63 crore for the quarter and the period ended on that date respectively, have been prepared in accordance with accounting principles generally accepted in their respective country and which have been reviewed by the other auditor under generally accepted auditing standards applicable in their respective country and whose report has been furnished to us by the management. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and reviewed by us.

7. The unaudited consolidated Ind AS financial results include the Group's share of total comprehensive income (comprising of profits and other comprehensive income) of Rs.18.97 crore and Rs.53.80 crore for the quarter and the period ended December 31, 2018 respectively, as considered in the unaudited consolidated Ind AS financial results, in respect of a joint venture, whose financial results, other financial information have been reviewed by other auditor and whose report has been furnished to us by the management. Our conclusion, in so far as it relates to the affairs of this joint venture is based solely on the report of the other auditor. The comparative Ind AS financial information of the joint venture for the corresponding quarter and the period ended December 31, 2017 as reported in the unaudited consolidated Ind AS financial results have been presented solely based on the information compiled by the management which have been approved by the Board of Directors of the Joint Venture but have not been subjected to review. Our conclusion is not modified in respect of this matter.

8. Based on our review conducted as above and based on the consideration of the reports of other auditors on the unaudited separate quarterly financial results and on the other financial information of subsidiary and joint venture, read with para 6 and 7 above, except for the possible effects of the matter described in para 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated Ind AS financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

9. We have not audited or reviewed the comparative consolidated Ind AS financial information of the Company for the corresponding quarter and period ended December 31, 2017, which have been presented solely based on the information compiled and approved by the management.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

VishalSharma

per Vishal Sharma
Partner
Membership No.: 096766

Place: Gurugram
Date: February 08, 2019

ZUARI AGRO CHEMICALS LIMITED

Regd. Office : Jai Kisaan Bhawan, Zuarinagar, Goa -403 726, CIN -L65910GA2009PLC006177

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018

(Rs. in Crore)

Sr No	Particulars	STANDALONE						CONSOLIDATED					
		3 months ended 31/12/2018	3 months ended 30/09/2018	3 months ended 31/12/2017	9 months ended 31/12/2018	9 months ended 31/12/2017	Year ended 31/03/2018 (Restated - Refer Note 13 below)	3 months ended 31/12/2018	3 months ended 30/09/2018	3 months ended 31/12/2017	9 months ended 31/12/2018	9 months ended 31/12/2017	Year ended 31/03/2018 (Restated - Refer Note 13 below)
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Revenue**												
	(a) Income from Operations	908.14	1,467.70	1,434.30	3,722.67	3,532.31	4,649.96	1,653.22	2,449.52	2,097.67	6,103.26	5,563.69	7,270.86
	(b) Other Income	34.71	18.15	17.78	68.58	48.11	81.25	14.39	12.59	14.61	43.86	46.85	87.14
	Total Revenue	942.85	1,485.85	1,452.08	3,791.25	3,580.42	4,731.21	1,667.61	2,462.11	2,112.28	6,147.12	5,610.54	7,358.00
2	**Expenses**												
	(a) Cost of materials consumed	746.18	823.63	577.18	2,169.56	1,583.95	2,203.47	1,240.40	1,264.88	912.98	3,384.61	2,515.68	3,475.16
	(b) Purchase of stock-in-trade	518.44	180.71	347.47	1,396.20	1,161.10	1,410.89	671.70	340.49	507.63	1,950.67	1,728.20	2,057.46
	(c) Changes in inventories of finished goods, work- in-progress and stock-in-trade	(601.81)	108.69	134.08	(774.75)	(180.20)	(234.32)	(745.51)	193.65	85.22	(875.33)	(246.80)	(345.70)
	(d) Employee benefit expense	25.04	25.76	23.65	75.44	71.36	93.03	44.18	44.38	42.30	132.17	125.48	163.10
	(e) Depreciation and amortisation expense	11.61	11.18	10.77	33.68	31.29	42.58	22.28	21.43	23.72	64.43	62.14	82.53
	(f) Excise duty	-	-	-	-	2.39	2.39	-	-	-	-	6.36	6.08
	(g) Finance costs	101.39	79.81	79.80	265.84	225.71	315.82	119.90	112.36	96.30	348.68	287.27	403.58
	(h) Other expenses	211.84	268.45	226.20	719.18	612.91	832.67	383.82	458.35	358.76	1,203.51	1,002.02	1,379.63
	Total expenses	1,012.69	1,498.23	1,399.15	3,885.15	3,508.51	4,666.53	1,736.77	2,435.54	2,026.91	6,208.74	5,480.35	7,221.84
3	**Profit / (Loss) before exceptional items and tax (1-2)**	(69.84)	(12.38)	52.93	(93.90)	71.91	64.68	(69.16)	26.57	85.37	(61.62)	130.19	136.16
4	Exceptional (expenses)	-	-	-	-	-	(25.56)	-	-	-	-	-	(25.56)
5	Share of profit of joint ventures							19.95	30.43	30.35	55.14	60.55	58.49
6	**Profit / (Loss) before tax (3+4+5)**	(69.84)	(12.38)	52.93	(93.90)	71.91	39.12	(49.21)	57.00	115.72	(6.48)	190.74	169.09
7	**Tax expense/ (credit)**												
	(a) Current Tax	-	-	11.08	-	18.14	17.99	6.62	9.59	18.57	16.21	31.81	35.66
	(b) Deferred Tax Charge/ (Credit)	(1.51)	(6.95)	9.20	(11.81)	12.17	5.80	0.94	0.44	14.27	(4.92)	20.77	2.59
	(c) Deferred tax Charge/ (Credit) of earlier years (Net)	-	-	(15.37)	-	(15.37)	(15.00)	-	-	(15.37)	-	(15.37)	(15.00)
	Net Tax expense/(credit)	(1.51)	(6.95)	4.91	(11.81)	14.94	8.79	7.56	10.03	17.47	11.29	37.21	23.25
8	**Net Profit / (Loss) for the period/year (6-7) (a)**	(68.33)	(5.43)	48.02	(82.09)	56.97	30.33	(56.77)	46.97	98.25	(17.77)	153.53	145.84
9	**Other Comprehensive income / (expense) (net of tax)**												
	A Items that will not be reclassified to profit or loss												
	Re-measurement gains (losses) on defined benefit plans	(0.48)	0.71	(0.35)	2.21	(1.05)	0.64	(1.89)	0.77	(0.65)	1.04	(1.95)	0.39
	Income tax relating to items that will not be reclassified to profit or loss	0.17	(0.25)	0.12	(0.77)	0.36	(0.22)	0.66	(0.27)	0.22	(0.36)	0.67	(0.14)
	Net (loss)/gain on FVTOCI financial instruments	(3.71)	(8.28)	15.56	(22.64)	1.63	(13.73)	(3.71)	(8.28)	15.57	(22.64)	1.63	(13.73)
	Income tax effect	-	-	-	-	-	-			-		-	
	Share of OCI of joint ventures	-	-	-	-	-	-	0.53	(0.46)	2.21	(0.38)	2.45	1.03
	B Items that will be reclassified to profit or loss												
	Share of OCI of joint ventures	-	-	-	-	-	-	-	-	-	-	-	(0.99)
	Exchange differences on translation of foreign operations	-	-	-	-	-	-	(5.02)	7.53	(2.64)	8.60	(1.70)	0.03
	Total Other Comprehensive Income/(loss) (b)	(4.02)	(7.82)	15.33	(21.20)	0.94	(13.31)	(9.43)	(0.71)	14.71	(13.74)	1.10	(13.41)
10	**Total Comprehensive Income/(loss) for the period/year (a+b)**	(72.35)	(13.25)	63.35	(103.29)	57.91	17.02	(66.20)	46.26	112.96	(31.51)	154.63	132.43
11	Profit attributable to:												
	Owners of the equity							(63.19)	33.31	87.47	(36.01)	134.61	117.38
	Non-controlling interest							6.42	13.66	10.78	18.24	18.92	28.46
	Other comprehensive income attributable to:												
	Owners of the equity							(9.00)	(0.73)	14.80	(13.38)	1.38	(13.34)
	Non-controlling interest							(0.43)	0.02	(0.09)	(0.36)	(0.28)	(0.07)
	Total comprehensive income attributable to:												
	Owners of the equity							(72.19)	32.58	102.27	(49.39)	135.99	104.05
	Non-controlling interest							5.99	13.68	10.69	17.88	18.64	28.38
12	Paid-up Equity Share Capital (face value Rs. 10/- per share)	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06	42.06
13	Other Equity as per balance sheet of previous accounting year						631.78						1,422.66
14	Earnings/ (Loss) per share (of Rs.10/- each) (not annualised):												
	(a) Basic (Rs.)	(16.25)	(1.29)	11.42	(19.52)	13.55	7.21	(15.02)	7.92	20.80	(8.56)	32.01	27.91
	(b) Diluted (Rs.)	(16.25)	(1.29)	11.42	(19.52)	13.55	7.21	(15.02)	7.92	20.80	(8.56)	32.01	27.91

S.R. BATLIBOI & CO. LLP GURUGRAM

Notes:

1. The above unaudited standalone and consolidated financial results of Zuari Agro Chemicals Limited ("The Company"), for the quarter and nine months period ended on December 31, 2018 have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company in their respective meetings held on February 08, 2019. The Statutory Auditors have conducted a "Limited Review" of these results in terms of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. These standalone and consolidated financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") specified in the Companies (Indian Accounting Standards) Rules 2015 (as amended) under section 133 of the Companies Act 2013 (the "accounting principles generally accepted in India").

3. Ind AS 115 "Revenue from Contracts with Customers", mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018 in standalone and consolidated financial results. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the standalone and consolidated financial results.

4. The certificate of CEO and CFO in terms of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of above results have been placed before the Board of Directors.

5. The consolidated financial results comprise the financial results of the Company and its subsidiaries, herein after referred to as "the Group", its Joint Ventures and Associate as mentioned below:

   Subsidiaries:

   a) Mangalore Chemicals & Fertilizers Limited (MCFL)
   b) Adventz Trading DMCC (ATD)

   Joint Ventures:
   a) Zuari Maroc Phosphates Private Limited (ZMPPL)
   b) Paradeep Phosphates Limited (PPL) (subsidiary of ZMPPL)
   c) MCA Phosphates Pte Ltd (MCAP)

   Associate of Joint Ventures:
   a) Fosfatos del Pacifico S.A. (FDP) (associate of MCAP)

6. Revenue from operations in the standalone and consolidated financial results for the nine months period ended December 31, 2018 and the year ended March 31, 2018 are not comparable with nine months period ended December 31, 2017, since revenue in this period and year ended is net of Goods and Service Tax (GST) effective July 1, 2017, whereas Excise Duty formed part of other expenses in the nine months period ended December 31, 2017 till June 30, 2017.

7. Vide notification number 26/ 2018 dated June 13, 2018, the department has amended definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from July 01, 2017 to include ITC availed only on inputs which excludes input services. The Company and the Group including the Company has claimed GST refund with respect to input services effective July 01, 2017 till April 17, 2018 which aggregates to Rs. 18.79 crores and Rs. 30.85 crores (net of amount eligible for recovery as subsidy) respectively. Further, during the nine months period ended December 31, 2018, the Company and the Group including the Company has recognized GST input tax credit of Rs. 17.76 crores and Rs. 32.65 crores respectively (including Rs. 6.91 crores and Rs. 12.18 crores, respectively, relating to the quarter ended December 31, 2018) on input services.

   Management, based on a tax opinion obtained by the group and also relying on similar fact pattern in an order dated September 18, 2018 of the High Court of Gujarat in respect of an application of another company on similar matter wherein ad-interim relief was granted, is of the view that to the extent the aforesaid Notification denies grant of refund of unutilized tax credit in respect of tax paid on input services is ultra vires to the Central Goods and Services Tax Act,

2017. The Company has also filed a writ petition in the High Court of Bombay at Goa and is confident of getting the refund claims.

The aforesaid input tax credit recognized by the Company and the Group would also be available for utilization against output tax liability arising in future as the input tax credit has indefinite life and the same can be utilized by the Company and the group in the future. Accordingly, the management is confident of refund / utilization of tax credit in respect of tax paid on input services and that no liability including interest, if any, would arise from the same.

8. During the quarter ended September 30, 2018, the Company has received demand notice of Rs. 27.67 crores towards excess refund on account of input tax credit on input services. As the Company has filed writ petition in the Hon'ble High Court of Bombay at Goa, challenging the notifications no. 21/2018-CT dated April 18, 2018 & No. 26/2018-CT dated June 13, 2018 and based on the legal opinion obtained by its subsidiary company, is confident that the demand will not sustain, thereby no provision has been made in the books of account.

9. Mangalore Chemicals and Fertilizers Limited (MCFL), a subsidiary of the Company had engaged an independent firm to carry out forensic review of certain transactions relating to investment in preference shares of Bangalore Beverages Limited and advances to United Breweries (Holdings) Limited, which indicated that these transactions may have involved irregularities. These investment and advances aggregating to Rs. 216.68 crores in the books of the subsidiary company were fully provided for during the year ended March 31, 2016.

   Zuari Fertilisers and Chemicals Limited (ZFCL), the then holding company of MCFL, (now merged with the Company) had filed a petition before the National Company Law Tribunal, Bengaluru ("NCLT") to claim accountability of erstwhile promoter group for the aforesaid irregularities. The matter is currently pending before the NCLT.

10. The standalone financial results of the Company for the quarter and nine months period ended December 31, 2018 have been prepared on the basis of notified concession price of Urea under New Urea Policy 2015, which are further adjusted for input price escalation / de-escalation, as estimated on the basis of prescribed norms.

    Mangalore Fertilizers and Chemicals Limited (MCFL), a subsidiary company, recognizes Urea concession income as per Government of India (GOI) notification dated June 17, 2015 which is based on estimates and changes, if any, and are recognized in the year of finalization of the prices by the GOI under the scheme. Accordingly, revenue from operations for the quarter and nine months period ended December 31, 2018 and the year ended March 31, 2018 include additional urea concession income of Rs. 30.51 crores and Rs. 20.69 crores, respectively, relating to immediately preceding financial year recognized on finalization of escalation/de-escalation claims.

    The subsidy on Phosphatic and Pottasic fertilizers has been accounted based on the rates announced by the GOI under Nutrient Based Subsidy Policy, from time to time.

11. Under the provision of Ind AS 108, the Company/Group operates in a single segment of fertilizer operations and therefore separate segment disclosures have not been given.

12. The Urea, Ammonia and Utilities plants of the Company were under annual maintenance shutdown from October 19, 2018. The plants resumed operations on November 30, 2018 and Urea production started from December 8, 2018.

13. In respect of the Company's investment of Rs. 119.43 crores in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited (MCAP), a joint venture company, there has been a deadlock between the Company and its JV partner Mitsubishi in its rock phosphate mining project through MCAP about certain impairments recorded in the financial statements of MCAP for financial years 2015-16 and 2016-17. On February 15, 2018, MCAP had issued a share offer notice by virtue of which the Company was offered to subscribe to certain ordinary shares. In light of the objections already raised by the Company in regard to the impairment and adoption of accounts and the nominal value at which the shares were issued, it did not subscribe to the rights issue. On May 30, 2018, the Company obtained a clarification from the JV partner that its shareholding in MCAP has been diluted from 30% to 0.17% with effect from April 01, 2018.

The Company initiated legal proceedings before the High Court of Singapore on June 4, 2018 seeking certain relief. The matter was heard on August 13, 2018 and the Company has been advised that, an order has been passed by the High Court of Singapore mandating that *inter alia* no steps should be taken: i) in respect of any matter specified as a super-majority decision in the shareholders agreement dated December 20, 2011, without the prior written consent of the Company, to, among other things, preserve the Company's original investment; and ii) no steps should be taken to change the shareholding of MCAP or to amend the Articles of Association of MCAP or to act in any manner inconsistent with the shareholders agreement mentioned above. The Company has also initiated arbitration proceedings against the JV partner in accordance with the arbitration rules of the International Chamber of Commerce (ICC) and has also moved application seeking interim relief with ICC for continuation of the reliefs granted by the High Court of Singapore. The ICC, vide its order on application for interim relief dated December 4, 2018, amended the order passed by the High Court of Singapore by allowing the respondents (i.e. Mitsubishi Corporation and MCA Phosphate Pte Limited) to exercise contractual options to purchase or sell shares of MCA Phosphates Pte. Limited in accordance with the terms of any applicable agreements.

The Company had not considered any impairment loss till the time of finalization of the financial statements for the year ended March 31, 2018. During the quarter ended June 30, 2018, the Company has assessed the fair value of the said investment based on the fair valuation done by an independent valuer and have concluded that the impairment loss was required to be recognised. Accordingly, the company has recognized an impairment loss of Rs. 11.62 crores in the standalone and consolidated financial results and the figures for the year ended March 31, 2018 have been appropriately restated and disclosed under exceptional items as per Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors".

Disclosure pursuant to Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors" (specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2015) is as below:

(Rs. in crores)

Particulars	**Standalone**				**Consolidated**			
	Profit before tax	**Profit after tax**	**Earnings per Share* (Rs.)**	**Total Comprehensive Income**	**Profit before tax**	**Profit after tax**	**Earnings per Share* (Rs.)**	**Total Comprehensive Income**
Year Ended March 31. 2018 (Restated)	39.12	30.33	7.21	17.02	169.09	145.83	27.91	132.42
Year Ended March 31, 2018 (Published)	50.74	41.95	9.97	28.64	180.71	157.45	30.67	144.04

*Basic & diluted

14. The Company is planning to set up a Phosphatic fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras-Al-Khaimah Maritime City Free Zone Authority and has incurred an expenditure on feasibility study and related expenditure amounting to Rs. 32.12 crores in earlier years. The same have been carried forward pending decision on issue of shares to the Company in the proposed Joint Venture project. The JV Company has been incorporated and definitive agreement between the shareholders have been completed which also provides for the re-imbursement of these expenses by the JV Company. These expenditures have been approved by the JV Company. The Company is in discussion with various EPC contractors with regard to the implementation of the project and also signed a MoU for its rock phosphate requirements. The current license of the JV Company for the free zone was due for renewal on annual basis. The process for extension of license has been initiated by the JV Company.

15. Exceptional items for the year ended March 31, 2018 included in the above results represent provision made against Inter Corporate Deposits including interest accrued and impairment of the Company's investment in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Ltd (Refer note 13 above).

16. The Company is carrying a receivable of Rs. 19.49 crore for the period February 2013 and March 2013 on account of accrual of subsidy income at higher rate in comparison to rate at which subsidy is granted. However, as per the office memorandum dated April 16, 2018 issued by the Department of Fertilizer, the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the district during February 2013 and March 2013 months in different year since 2012-13 at the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA for that year. The Company has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence Nutrient Based Subsidy rates of 2013 should be applicable. The Company has obtained a legal opinion and if required will take appropriate recourse to recover this amount. The company is hopeful to realize the aforesaid amount, hence, no provision has been made in the accounts.

17. Receivables on account of interest from dealers on delayed payment were hitherto recognized once the principal payment of particular invoice received from the dealer. However, the Company has during the year ended March 31, 2018 started accruing overdue interest fully on accrual basis to the extent the Company is reasonably certain of their ultimate collection. This had resulted into profit before tax for the year ended March 31, 2018 being higher by Rs. 23.01 crores on standalone and consolidated basis.

18. The consolidated Ind AS financial results include the Group's share of total comprehensive loss (comprising of loss and other comprehensive loss) of Rs. 3.40 crores for the quarter ended December 31, 2018 and total comprehensive income (comprising of profit and other comprehensive income) Rs. 9.32 crores for the nine months period ended December 31, 2018 in respect of one of the joint ventures including its associate, both located outside India, whose financial statements and other financial information have not been subject to a review and has been compiled by the management in accordance with accounting principles generally accepted in the respective country. The Company's management has converted the financial statements of such joint venture located outside India from accounting principles generally accepted in the respective country to accounting principles generally accepted in India.

For and on behalf of Board of Directors

Sunil Sethy
Managing Director
DIN: 00244104

Date : February 08, 2019
Place : Gurugram

S. R. BATLIBOI & CO. LLP
GURUGRAM

d. the requirements of the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Companies Act, 2013 as amended (“the Act”) and the ICDR Regulations and the Guidance Note in connection with the Rights Issue.

Restated Ind AS Consolidated Summary Statements as per audited consolidated financial statements:

4. The Restated Ind AS Consolidated Summary Statements have been compiled by the management of the Company from:

a) the audited special purpose interim consolidated Ind AS financial statements of the Group as at and for the six months period ended September 30, 2018, prepared in accordance with the accounting principles generally accepted in India including the Indian Accounting Standard (Ind AS) 34 specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Special Purpose Interim Consolidated Ind AS Financial Statements”), which have been approved by the Board of Directors at their meeting held on January 07, 2019;

b) the audited consolidated Ind AS financial statements of the Group as at and for the financial year ended March 31, 2018 prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (referred to as "Ind AS") specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, which have been approved by the Board of Directors at their meeting held on May 25, 2018;

c) the audited consolidated Ind AS financial statements of the Group as at and for the financial year ended March 31, 2017 prepared in accordance with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, which have been approved by the Board of Directors at their meeting held on May 19, 2017. The comparative financial information for the year ended March 31, 2016 and the opening balance sheet as at April 1, 2015 included in these financial statements have been prepared from the audited consolidated financial statements of the Group as at and for the year ended March 31, 2016 prepared in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS; and

d) the audited consolidated financial statements of the Group as at and for the year ended March 31, 2016 prepared in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP”), which have been approved by the Board of Directors at their meeting held on May 13, 2016.

e) the financial statements and other financial information in relation to the Company’s subsidiaries and a joint venture as listed below, which are audited by the other auditors and included in the consolidated financial statements of the Company:

Name of the Entity	**Relationship**	**Name of Audit Firm**	**Period audited by other auditors**
Mangalore Chemicals and Fertilisers Limited	Subsidiary	K. P. Rao & Co.	For the years ended March 31, 2017 and March 31, 2016
Zuari Fertilisers and Chemicals Limited (ZFCL)	Subsidiary	V. Sankar Aiyar & Co.	For the years ended March 31, 2017 and March 31,2016
Adventz Trading DMCC (Located Outside India)	Subsidiary	Shah & Alshamali Associates DMCC	For the six months period ended September 30, 2018

Zuari Maroc Phosphates Private Limited	Joint Venture	B S R & Co. LLP	For the six months period ended September 30, 2018 and for the year ended March 31, 2018

f) the financial statements and other financial information of one subsidiary, which reflects total assets, total revenues and net cash inflows / (outflows) for the relevant year as tabulated below solely based on the management certified financial statements:

(INR in lakhs)

Name of the subsidiary	As at and for the year ended	Total Assets of subsidiary	Total revenues of subsidiary	Total Net Cash Inflows / (Outflows) of subsidiary
Adventz Trading DMCC (Located Outside India)	March 31, 2018	557.52	539.72	134.37

g) the Group's share of net total comprehensive income (comprising of profits / (loss) and other comprehensive income / (loss)), in relation to MCA Phosphates Pte. Ltd., a joint venture located outside India, of INR 1,468.39 lakhs for the six months period ended September 30, 2018, INR (134.33) lakhs and INR (501.33) lakhs for the years ended March 31, 2018, 2017 respectively and total assets of INR 11,969.33 lakhs, total revenue of INR Nil and net cash flow of INR 15.62 lakhs as at and for the year ended March 31, 2016 solely based on management certified financial statements.

5. For the purpose of our examination, we have relied on:

a) Auditors' Report issued by us dated January 07, 2019 on the Special Purpose Interim Consolidated Ind AS Financial Statements of the Group as at and for the six months period ended September 30, 2018 as referred in Para 4(a) above;

b) Auditors' Report issued by us dated May 25, 2018 and May 19, 2017 on the Ind AS Consolidated Financial Statements of the Group as at and for each of the years ended March 31, 2018 and 2017 respectively, as referred in paragraph 4(b) and 4(c) above; and

c) Auditors' Report issued by us dated May 13, 2016 on the consolidated financial statements of the Group as at and for the year ended March 31, 2016, as referred in paragraph 4(d) above;

d) As indicated in our audit reports referred to in Para 5(a), 5(b) and 5(c) above, we did not audit the financial statements of three subsidiaries as referred in Para 4(e) above, whose financial statements reflect total assets, total revenues and net cash inflows / (outflows) for the relevant year / period as tabulated below and included in the Restated Ind AS Consolidated Summary Statements:

(INR in lakhs)

As at and for the period/ year ended	Total assets of subsidiaries	Total revenue of subsidiaries	Total net cash inflow/ (outflow) of subsidiaries
September 30, 2018	638.44	325.37	(65.55)
March 31, 2017	3,12,357.99	2,54,837.09	5,525.46
March 31, 2016	2,96,166.21	2,49,540.80	(4,041.17)

As also indicated in our audit reports referred to in Para 5(a) and 5(b) above, we did not audit the financial statements of a joint venture as referred in Para 4(e) above, of which the Group's share of net total comprehensive income (comprising of profits and other comprehensive income) of INR 3,483.57 lakhs for the six months period ended September 30, 2018 included in the Special Purpose

Interim Consolidated Ind AS Financial Statements of the Group as at and for the six months period ended September 30, 2018 and INR 5,986.55 lakhs for the year ended March 31, 2018 included in the Ind AS Consolidated Financial Statements of the Group as at and for the year ended March 31, 2018.

These financial statements have been audited by other firms of chartered accountants as listed in Para 4(e) above, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in the financial statements referred to in Para 4(a), 4(b), 4(c) and 4(d) above are based solely on the report of other auditors.

e) As indicated in our audit report referred to in Para 5(b) above as at and for the financial year ended March 31, 2018, the financial statements of one subsidiary which reflects total assets, total revenues and net cash inflows / (outflows) for the relevant year as tabulated below and included in the audited consolidated Ind AS financial statements of the Group as at and for the financial year ended March 31, 2018 were solely based on the management certified financial statements:

(INR in lakhs)

Name of the subsidiary	As at and for the year ended	Total Assets of subsidiary	Total revenues of subsidiary	Total Net Cash Inflows / (Outflows) of subsidiary
Adventz Trading DMCC (Located Outside India)	March 31, 2018	557.52	539.72	134.37

f) As indicated in our audit reports referred to in Para 5(a), 5(b) and 5(c) above, the Group's share of net total comprehensive income (comprising of profits / (loss) and other comprehensive income / (loss)), in relation to MCA Phosphates Pte. Ltd., a joint venture located outside India, of INR 1,468.39 lakhs for the six months period ended September 30, 2018 included in the Special Purpose Interim Consolidated Ind AS Financial Statements of the Group, INR (134.33) lakhs and INR (501.33) lakhs for the years ended March 31, 2018, 2017 included in the Ind AS Consolidated Financial Statements of the Group for each of the years ended March 31, 2018 and 2017 respectively and total assets of INR 11,969.33 lakhs, total revenue of INR Nil and net cash flow of INR 15.62 lakhs as at and for the year ended March 31, 2016 included in the consolidated financial statements of the Group as at and for the year ended March 31, 2016 were unaudited and have been included based on management certified financial statements.

g) The restated Ind AS summary statements in relation to the Company's subsidiaries and a joint venture as listed below, were examined by the other auditors, whose reports received by us, were received by us and included in the Restated Ind AS Consolidated Summary Statements:

Name of the Entity	Relationship	Name of Audit Firm	Period examined by other auditors	Examination Reports dated on Restated Ind AS Summary statements
Mangalore Chemicals and Fertilisers Limited	Subsidiary	K. P. Rao & Co.	For the years ended March 31, 2017 and March 31, 2016	February 6, 2019
Zuari Fertilisers and Chemicals Limited (ZFCL)	Subsidiary	V. Sankar Aiyar & Co.	For the years ended March 31, 2017 and March 31, 2016	February 8, 2019
Adventz Trading DMCC	Subsidiary	Shah & Alshamali	For the six months period ended	January 21, 2019

(Located Outside India)		Associates DMCC	September 30, 2018 and for the year ended March 31, 2018	
Zuari Maroc Phosphates Private Limited	Joint Venture	B S R & Co. LLP	For the six months period ended September 30, 2018 and for the year ended March 31, 2018	February 5, 2019

These other auditors, as mentioned above for the subsidiaries and a joint venture, have confirmed that the restated Ind AS financial information of such entities:

i) have been made after incorporating adjustments for changes in accounting policies, material errors and regrouping/reclassifications retrospectively in respective financial years to reflect the same accounting treatment as per accounting policies and grouping/classifications followed as at September 30, 2018 and for the six months ended September 30, 2018;

ii) do not require any adjustments for the matters giving rise to modifications mentioned in paragraph 6(e)(iv) and 6(e)(v) below and

iii) have been prepared in accordance with the ICDR Regulations and Guidance Note.

h) The Restated Ind AS Consolidated Summary Statements of the Group includes financial information in relation to a joint venture of the Company as referred to in Para 5(f) above, for the six months period ended September 30, 2018 and for the years ended March 31, 2018, 2017 and 2016 were not subject to an examination and have been included based on management certified financial information.

6. Based on our examination, in accordance with the requirements of the ICDR Regulations and the Guidance Note, we report that we have examined the following summarised financial statements of the Group contained in Restated Ind AS Consolidated Summary Statements, which as stated in the Annexure I and VI to this report have been arrived after making adjustments and regrouping/reclassifications and, except for the possible effects of the matters related to inclusion of information in relation to a joint venture of the Company based on management certified information referred to in paragraph 5(f) above as in our opinion were appropriate and more fully described in Annexure VI – Statement of Restatement Adjustments to audited consolidated financial statements as at and for each of the financial years ended March 31, 2018, 2017 and 2016 as referred to in Para 4(b), 4(c) and 4(d) above:

a) The Restated Ind AS Consolidated Summary Statement of Assets and Liabilities of the Group as at September 30, 2018, March 31, 2018, 2017 and 2016, as set out in Annexure I to this report;

b) The Restated Ind AS Consolidated Summary Statement of Profit and Loss (including other comprehensive income) of the Group for the six months period ended September 30, 2018 and for each of the financial years ended March 31, 2018, 2017 and 2016, as set out in Annexure II to this report;

c) The Restated Ind AS Consolidated Summary Statement of Cash Flows of the Group for the six months period ended September 30, 2018 and for each of the financial years ended March 31, 2018, 2017 and 2016, as set out in Annexure III to this report;

d) The Restated Ind AS Consolidated Statement of Changes in Equity of the Group for the six months period ended September 30, 2018 and for each of the financial years ended March 31, 2018, 2017and 2016, as set out in Annexure IV to this report;

e) Based on the above and according to the information and explanations given to us, we further report that the Restated Ind AS Consolidated Summary Statements of the Group:

  i) have been made after incorporating adjustments for changes in accounting policies, material errors and regrouping/reclassifications retrospectively in respective financial years to reflect the same accounting treatment as per accounting policies and grouping/classifications followed as at September 30, 2018 and for the six months ended September 30, 2018;

  ii) have been made after giving effect to the matters giving rise to modifications in paragraph 6(e)(iv) below; and

  iii) have been prepared in accordance with the ICDR Regulations and Guidance Note.

  iv) qualification in the Auditor's report on the consolidated Ind AS financial statements as at and for the year ended March 31, 2018 and consolidated financial statements as at and for the year ended March 31, 2016 which required certain quantitative adjustment in the Restated Ind AS Consolidated Summary Statements are as follows:

    a) **As at and for the year ended March 31, 2018**
    Attention is drawn to Note 46 of the consolidated Ind AS financial statements explaining the evaluation of recoverable amounts as required under IND AS 36 to assess impairment provision, if any, on the Parent Company's (ZACL) investment of INR 11,943.48 lakhs in the rock phosphate mining project through MCA Phosphate Pte Ltd, a joint venture company. The joint venture company audited by another auditor has provided for diminution in the entire value of the said investment. The Parent Company has received the valuation report; based on valuation carried out by external valuer; the value indicated is higher than the carrying amount. However, we were unable to review the valuation report. Pending such review and in the absence of other sufficient appropriate audit evidence, we are unable to comment on the adjustments, if any, required to be made to the financial statements, in this regard.

    b) **As at and for the year ended March 31, 2016**
    We refer to Note 43 of the consolidated financial statements wherein it is mentioned that, the Holding Company (ZACL) is carrying receivable of INR 2,712.87 lakhs on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The said claim is subject to confirmation from the supplier. In the absence of independent confirmation from the supplier and other related information, we are unable to comment on the appropriateness of the accounting the claim including consequential effects, if any, that may arise in this regard in the consolidated financial statements.

  v) qualification in the Auditor's report on the Special Purpose Interim Consolidated Ind AS Financial Statements as at and for the period ended September 30, 2018, consolidated Ind AS financial statements as at for the year ended March 31, 2017 and consolidated financial statements as at and for the year ended March 31, 2016 which do not require any quantitative adjustment in the Restated Ind AS Consolidated Summary Statements are as follows:

    a) **As at and for the period ended September 30, 2018**
    We draw attention to Note 31 of the Special Purpose Interim Consolidated Ind AS Financial Statements which include the Group's share of total comprehensive income (comprising of profits and other comprehensive income) of INR 1,468.39 lakhs for the period ended September 30, 2018, in relation to MCA Phosphates Pte. Ltd., a joint venture company, located outside India, whose financial statements and other financial information have not been subject to audit and has been compiled by the management. Accordingly, we are unable to comment on the financial impact, if any, on the Special Purpose Interim Consolidated Ind AS Financial Statements if the same had been audited.

b) As at and for the year ended March 31, 2017

As stated in Note No. 55(b) of the audited consolidated Ind AS financial statements, we report that a subsidiary company, Mangalore Chemical & Fertilizers Limited (MCFL) had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holding Limited (UBHL) and have indicated that these transactions may have involved irregularities. Based on their report, Zuari Fertilisers and Chemicals Limited, the holding company of MCFL has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UBHL Group for the irregularities. The subsidiary had already provided an aggregate amount of INR 21,668 lakhs against the above in their books. Pending outcome of the legal dispute on the above matters, we are unable to comment on including consequential effects, if any to be made in the consolidated Ind AS financial statements.

c) As at and for the year ended March 31, 2016

As stated in Note 62 of the audited consolidated financial statements, we report that a subsidiary company, M/S Mangalore Chemical & Fertilizers Limited had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holding Limited and have indicated that these transactions may have involved irregularities. The subsidiary has provided an aggregate amount of INR 21,668 lakhs against the above in their books. The subsidiary company M/S Mangalore Chemical & Fertilizers Limited is taking necessary legal advice in connection with the findings and taking necessary steps in this regard. Pending legal advice on the above matters, we are unable to comment on including consequential effects, if any to be made in the consolidated financial statements.

vi) Emphasis of Matter in the Auditor's report on the Special Purpose Interim Consolidated Ind AS Financial Statements as at and for the period ended September 30, 2018; consolidated Ind AS financial statements as at and for the year ended March 31, 2018 and consolidated financial statements as at and for the year ended March 31, 2016 which do not require any quantitative adjustment in the Restated Ind AS Consolidated Summary Statements are as follows:

a) As at and for the period ended September 30, 2018

a) We draw attention to Note 46 of the Special Purpose Interim Consolidated Ind AS Financial Statements, which describes the impact of INR 1,161.76 lakhs as an adjustment related to assessment of the impairment of investment in MCA Phosphates Pte Ltd, a joint venture company, which had led to a restatement of the consolidated financial statements for the year ended March 31, 2018.

b) We draw attention to Note 43 of the Special Purpose Interim Consolidated Ind AS Financial Statements, wherein the Company is carrying receivable of INR 1,949.03 lakhs in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Company, the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Company has not made any provision in this regard in the financial statements.

c) We draw attention to Note 7 of the Special Purpose Interim Consolidated Ind AS Financial Statements, regarding Goods and Services Tax (‘GST’) credit on input services recognized by the Group including the Company based on its assessment and on a legal opinion obtained by its subsidiary and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Company has also filed a writ petition in the High Court of Bombay at Goa and is confident of matter being to be decided in its favour.

d) We draw attention to Note 18 of the Special Purpose Interim Consolidated Ind AS Financial Statements, regarding Urea Concession Income from the Government of India (GOI) in case of one subsidiary, which is being recognised based on estimates, and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme.

b) As at and for the year ended March 31, 2018

a) We draw attention to Note 43 of the consolidated Ind AS financial statements, wherein the Parent Company (ZACL) is carrying receivable of INR 1,949.03 lakhs in relation to subsidy income accrued for the year ended March 31, 2013. The subsidy income is receivable since March 2013. Based on the legal opinion obtained by the Parent Company the amount is fully recoverable from the department of fertilisers. Pending settlement of the differential subsidy amount as more fully explained in note, the Parent Company has not made any provision in this regard in the financial statements.

b) Attention is invited to Note 18(a)(ii) to the consolidated Ind AS financial statements, regarding Urea Concession Income from the Government of India (GOI), which is being recognised by one of the subsidiaries based on estimate and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme.

vii) qualification in the Annexure 1 to the Auditor's report on the consolidated Ind AS financial statements as at and for the year ended March 31, 2018 and consolidated financial statements as at and for the year ended March 31, 2016 which do not require any quantitative adjustment in the Restated Ind AS Consolidated Summary Statements are as follows:

a) As at and for the year ended March 31, 2018
The Holding Company’s (ZACL) internal financial controls over evaluation of provision for impairment in the value of investments were not operating effectively which could potentially result in the Holding Company not recognising provision for impairment in the value of investments.

b) As at and for the year ended March 31, 2016
The Holding Company’s (ZACL) internal financial controls over evaluation of provision for doubtful advances were not operating effectively which could potentially result in the Holding Company not recognising provision for doubtful advances.

7. The Restated Ind AS Consolidated Summary Statements do not reflect the effect of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Consolidated Ind AS Financial Statements and audited consolidated financial statements mentioned in paragraph 5 above.

8. We have not audited any financial statements of the Group as of any date or for any period subsequent to September 30, 2018. Accordingly, we express no opinion on the financial position, results of operations, cash flows and changes in equity of the Group as of any date or for any period subsequent to September 30, 2018.

9. According to the information and explanations given to us, the Restated Ind AS Consolidated Summary Statements, read with the basis of preparation and Summary of Significant Accounting Policies disclosed in Annexure V, are prepared after making adjustments and regroupings as considered appropriate, disclosed in Annexure VI, are in accordance with the ICDR Regulations and the Guidance Note except for the possible effect of the matter stated in paragraph 6(e)(v)(a) above.

10. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors of the Company for inclusion in the DLOF and LOF to be filed with SEBI, National Stock Exchange of India Limited and BSE Limited in connection with the Rights Issue. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Vishal Sharma**
Partner
Membership No: 96766

Place: Gurugram
Date: February 8, 2019

Zuari Agro Chemicals Limited

Annexure - I

Restated Ind AS Consolidated Summary Statement of Assets and Liabilities as at 30 September 2018, 31 March 2018, 2017 and 2016

(Amount in INR lakhs, unless otherwise stated)

	Notes	**As at 30 September 2018**	**As at 31 March 2018**	**As at 31 March 2017**	**As at 31 March 2016**
Assets					
Non-current assets					
Property, plant and equipment	**3**	1,65,750.06	1,66,675.98	1,65,931.07	1,67,629.53
Capital work-in-progress	**3**	17,253.61	14,656.26	14,252.41	10,201.63
Investment property	**4**	362.29	362.29	362.29	362.29
Intangible assets	**5**	12,602.92	12,748.88	12,991.72	13,323.41
Intangible assets under development	**5**	-	-	19.34	15.02
Investment in joint ventures	**5A**	89,778.87	85,878.71	80,273.42	75,469.55
Financial assets					
(i) Investments	**6A**	4,364.80	6,257.61	7,630.75	-
(ii) Loans	**6B**	1,269.72	1,244.32	1,190.34	1,278.21
(iii) Others	**6C**	2,170.07	1,760.60	2,050.42	13,970.38
Deferred tax asset (net)	**17**	10,144.20	8,998.60	8,651.79	9,083.46
Other non-current assets	**7**	7,825.97	8,037.99	9,659.38	5,539.12
Income tax assets (net)	**17A**	5,748.95	6,698.13	6,730.01	3,791.00
		3,17,271.46	**3,13,319.37**	**3,09,742.94**	**3,00,663.60**
Current assets					
Inventories	**8**	1,20,318.34	1,05,114.24	70,715.83	72,776.13
Financial assets					
(i) Trade receivables	**9**	3,31,220.33	3,39,990.46	3,43,896.94	4,02,319.03
(ii) Cash and cash equivalents	**10**	7,432.83	14,821.37	6,564.80	1,180.50
(iii) Bank balances other than (ii) above	**10.1**	4,079.73	2,129.50	666.18	731.25
(iv) Loans	**6B**	1,230.47	848.77	2,369.63	2,246.00
(v) Others	**6C**	32,731.17	20,256.40	18,848.72	13,481.34
Other current assets	**7**	27,737.34	31,752.37	4,556.01	4,296.77
		5,24,750.21	**5,14,913.11**	**4,47,618.11**	**4,97,031.02**
Total Assets		**8,42,021.67**	**8,28,232.48**	**7,57,361.05**	**7,97,694.62**
Equity and liabilities					
Equity					
Equity share capital	**11**	4,205.80	4,205.80	4,205.80	4,205.80
Other equity	**11A**	1,44,624.84	1,43,879.72	1,32,143.29	1,26,696.78
Equity attributable to equity holders of the Group		**1,48,830.64**	**1,48,085.52**	**1,36,349.09**	**1,30,902.58**
Non-controlling interests		39,636.10	39,155.12	36,577.14	35,382.34
Total equity		**1,88,466.74**	**1,87,240.64**	**1,72,926.23**	**1,66,284.92**
Non-current liabilities					
Financial liabilities					
(i) Borrowings	**12A**	75,700.15	52,029.19	49,301.01	53,636.96
(ii) Others	**14**	246.82	541.84	1,745.47	1,333.29
Deferred tax liabilities (net)	**17**	1,790.59	1,402.71	1,659.54	1,109.30
Other non-current liabilities	**15**	93.81	102.34	119.40	136.68
Provisions	**16**	1,597.29	1,536.94	1,555.08	1,502.32
		79,428.66	**55,613.02**	**54,380.50**	**57,718.55**

Zuari Agro Chemicals Limited
Annexure - I
Restated Ind AS Consolidated Summary Statement of Assets and Liabilities as at 30 September 2018, 31 March 2018, 2017 and 2016
(Amount in INR lakhs, unless otherwise stated)

	Notes	**As at 30 September 2018**	**As at 31 March 2018**	**As at 31 March 2017**	**As at 31 March 2016**
Current liabilities					
Financial Liabilities					
(i) Borrowings	**12B**	3,18,053.00	3,83,494.64	3,62,989.81	4,38,077.19
(ii) Trade payables	**13**				
a) total outstanding dues of micro enterprises and small enterprises		758.10	254.60	218.28	232.72
b) total outstanding dues of creditors other than micro enterprises and small enterprises		2,09,896.34	1,44,966.17	1,05,525.34	86,673.94
(iii) Others	**14**	34,590.34	33,730.20	41,913.21	34,503.89
Liabilities for current tax (net)	**17A**	1,479.54	1,476.04	9.10	0.98
Other current liabilities	**15**	6,165.37	18,178.96	15,926.11	10,921.75
Provisions	**16**	3,183.58	3,278.21	3,472.47	3,280.68
		5,74,126.27	**5,85,378.82**	**5,30,054.32**	**5,73,691.15**
Total liabilities		**6,53,554.93**	**6,40,991.84**	**5,84,434.82**	**6,31,409.70**
Total equity and liabilities		**8,42,021.67**	**8,28,232.48**	**7,57,361.05**	**7,97,694.62**

Summary of significant accounting policies **2**
The accompanying notes are an integral part of the Restated Ind AS Consolidated Summary Statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's registration no. 301003E/E300005

For and on behalf of the Board of Directors of
Zuari Agro Chemicals Limited

per Vishal Sharma
Partner
Membership No. 96766

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

Sandeep Agrawal
Chief Financial Officer

Place of signature : Gurugram
Date:

Place of signature : Gurugram
Date:

Zuari Agro Chemicals Limited
Annexure - II
Restated Ind AS Consolidated Statement of Profit and Loss for the period ended 30 September 2018, years ended 31 March 2018, 2017 and 2016
(Amount in INR lakhs, unless otherwise stated)

		Notes	For the period ended 30 September 2018	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
I	**Revenue**					
	Revenue from operations	**18**	4,44,015.56	7,27,971.20	6,41,549.58	7,58,164.36
	Other income	**19**	2,947.36	8,713.76	5,635.12	6,233.51
	Total revenue (I)		**4,46,962.92**	**7,36,684.96**	**6,47,184.70**	**7,64,397.87**
II	**Expenses**					
	Cost of raw material and components consumed	**20**	2,14,421.15	3,47,515.57	2,98,874.39	3,56,980.00
	Purchases of traded goods	**20(a)**	1,27,897.21	2,05,531.37	1,57,445.77	2,29,176.80
	Changes in inventories of finished goods, traded goods and work in progress	**21**	(12,981.84)	(34,355.07)	1,138.42	7,260.69
	Excise duty on sale of goods	**22**	-	608.17	2,997.25	2,945.88
	Employee benefits expense	**23**	8,799.09	16,310.49	16,051.25	15,079.31
	Finance costs	**24**	23,617.12	39,921.81	38,584.63	34,087.17
	Depreciation and amortization expense	**25**	4,215.23	8,252.77	7,733.46	6,626.59
	Other expenses	**26**	81,231.39	1,37,598.39	1,22,315.38	1,32,553.11
	Total expenses (II)		**4,47,199.35**	**7,21,383.50**	**6,45,140.55**	**7,84,709.55**
III	**Profit/ (Loss) before share of profit of joint venture partner, exceptional items and tax (I - II)**		**(236.43)**	**15,301.46**	**2,044.15**	**(20,311.68)**
IV	Add: Share of profit of joint venture partner	**31B**	2,643.42	6,762.85	4,988.19	488.41
V	**Profit/ (Loss) before exceptional items and tax (III + IV)**		**2,406.99**	**22,064.31**	**7,032.34**	**(19,823.27)**
VI	Exceptional items	**29**	-	2,555.30	-	178.34
VII	**Profit/ (Loss) before tax (V - VI)**		**2,406.99**	**19,509.01**	**7,032.34**	**(20,001.61)**
VIII	**Tax expense:**					
(1)	Current tax/ (credit)	**17**	959.13	3,566.29	680.00	(4.64)
(2)	Deferred tax/ (credit)	**17**	(860.31)	(617.40)	925.46	(8,349.16)
	Income tax expense		**98.82**	**2,948.89**	**1,605.46**	**(8,353.80)**
IX	**Profit/ (loss) for the period (VII - VIII)**		**2,308.17**	**16,560.12**	**5,426.88**	**(11,647.81)**
X	**Other comprehensive income/ (loss), net of tax**	**11B**	**(410.92)**	**(1,340.52)**	**1,214.43**	**(3,157.94)**
	Items that will not be reclassified to profit or loss					
	Re-measurement gains/ (losses) on defined benefit plans		293.56	39.40	163.23	(1.96)
	Income tax effect		(102.59)	(13.77)	(56.49)	0.68
	Net (loss)/gain on FVTOCI financial instruments		(1,892.81)	(1,373.14)	1,292.02	(4,068.71)
	Share of other comprehensive income (OCI) of joint venture (net of tax)		(91.39)	102.81	35.76	176.82
	Items that will be reclassified to profit or loss					
	Share of OCI of joint ventures (net of tax)		-	(159.67)	55.87	103.80
	Exchange differences on translation of foreign operations		1,382.31	63.85	(275.96)	631.43
XI	**Total comprehensive income/(loss) for the period, net of tax (IX + X)**		**1,897.25**	**15,219.60**	**6,641.31**	**(14,805.75)**
	Profit/(loss) for the period					
	Attributed to:					
	Equity holders of the Parent		1,277.95	13,696.28	4,237.08	(10,181.74)
	Non controlling interest		1,030.22	2,863.84	1,189.80	(1,466.07)
	Comprehensive income/(loss) for the period					
	Attributed to:					
	Equity holders of the Parent		(418.40)	(1,333.02)	1,209.43	(3,083.89)
	Non controlling interest		7.48	(7.50)	5.00	(74.05)

Zuari Agro Chemicals Limited
Annexure - II
Restated Ind AS Consolidated Statement of Profit and Loss for the period ended 30 September 2018, years ended 31 March 2018, 2017 and 2016
(Amount in INR lakhs, unless otherwise stated)

		Notes	For the period ended 30 September 2018	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
	Total comprehensive income/(loss) for the period					
	Attributed to:					
	Equity holders of the Parent		859.55	12,363.26	5,446.51	(13,265.63)
	Non controlling interest		1,037.70	2,856.34	1,194.80	(1,540.12)
XII	Earnings/ (Loss) per equity share: (nominal value of share INR 10/- (31 March 2018-INR 10/-; 31 March 2017-INR 10/-; 31 March 2016 - INR 10/-) not annualized)	**28**				
	(1) Basic		3.04	32.57	10.07	(24.21)
	(2) Diluted		3.04	32.57	10.07	(24.21)

Summary of significant accounting policies **2**

The accompanying notes are an integral part of the Restated Ind AS Consolidated Summary Statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's registration no. 301003E/E300005

For and on behalf of the Board of Directors of
Zuari Agro Chemicals Limited

per Vishal Sharma
Partner
Membership No. 96766

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

Sandeep Agrawal
Chief Financial Officer

Place of signature : Gurugram
Date:

Place of signature : Gurugram
Date:

Zuari Agro Chemicals Limited
Annexure - III
Restated Ind AS Consolidated Summary Statement of Cash Flows for the period ended 30 September 2018, years ended 31 March 2018, 2017 and 2016
(Amount in INR lakhs, unless otherwise stated)

		Notes	For the period ended 30 September 2018	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
A	**Cash flow from operating activities**					
	Profit / (loss) before tax		2,406.99	19,509.01	7,032.34	(20,001.61)
	Share of profit of a joint venture		(2,643.42)	(6,762.85)	(4,988.19)	(488.41)
	Adjustments to reconcile profit before tax with net cash flows:					
	Depreciation on property, plant and equipment	**25**	4,009.07	7,810.58	7,314.67	6,255.44
	Amortization of intangible assets	**25**	206.16	442.19	418.79	371.15
	Impairment of capital work in progress	**26**	367.17	-	-	-
	Impairment of investments	**29**	-	1,161.76	-	-
	Loss on disposal of property, plant and equipment (net)	**26**	301.40	735.76	115.66	393.26
	Excess provision/ unclaimed liabilities/ unclaimed balances written back	**19**	(4.74)	(387.92)	(108.98)	(171.23)
	Bad debts, claims and advances written off	**26**	-	173.01	216.26	66.03
	Provision for doubtful debts, claims and advances	**26**	-	2,225.82	77.95	256.49
	Provision for GST refund receivable	**26**	-	161.30	-	-
	Subsidy claims written off	**26**	138.70	138.90	185.29	40.60
	Profit on sale of current investments	**19**	-	-	(3.80)	(1.84)
	Incentive under packing scheme incentive	**19**	(8.53)	(17.05)	(17.05)	(16.83)
	Unrealized foreign exchange fluctuation loss/ (gain)		5,079.59	2,655.80	(1,216.56)	2,006.89
	Interest expense	**24**	19,391.84	31,276.93	31,871.99	29,351.53
	Interest income	**19**	(2,384.74)	(6,356.18)	(4,868.47)	(4,330.51)
	Dividend income	**19**	(2.16)	(2.16)	-	(0.98)
	Operating profit before working capital adjustments		**26,857.33**	**52,764.90**	**36,029.90**	**13,729.98**
	Working capital adjustments:					
	Increase/ (Decrease) in provisions		259.28	(173.01)	407.79	(2,043.24)
	Increase/ (Decrease) in trade payables and other liabilities		50,448.08	33,777.36	22,816.27	(45,747.11)
	Decrease/ (Increase) in trade receivables		8,631.43	2,935.28	58,158.85	(50,297.70)
	Decrease/ (Increase) in inventories		(15,204.10)	(34,398.41)	2,060.30	6,024.29
	(Increase) in other assets, financial assets		(7,472.03)	(25,901.82)	(5,882.09)	(6,931.36)
	(Increase)/ Decrease in loans and advances		(413.97)	1,199.56	122.47	(46.95)
			36,248.69	**(22,561.04)**	**77,683.59**	**(99,042.07)**
	Cash generated from/ (used in) operations		**63,106.02**	**30,203.86**	**1,13,713.49**	**(85,312.09)**
	Less : Direct tax paid (net of refunds)		(6.45)	(2,067.47)	(3,610.94)	(1,840.42)
	Net cash flow from/ (used in) operating activities (A)*		**63,099.57**	**28,136.39**	**1,10,102.55**	**(87,152.51)**
B	**Cash flow from investing activities:**					
	Purchase of property, plant and equipment, including intangible assets, CWIP and capital advances		(5,834.35)	(7,214.76)	(14,582.35)	(15,291.01)
	Proceeds from sale of Property, plant and equipment		34.47	3.46	142.40	176.82
	Purchase of non-current investments		-	-	(6,338.72)	(1,696.11)
	Advance for purchase of investments received back		-	-	11,920.00	-
	Purchase of current investments		-	-	(15,000.00)	(12,000.00)
	Proceeds from sale/ maturity of current investments		-	-	15,003.80	12,001.84
	Proceeds from/ (investment in) bank deposits (having original maturity of more than 3 months)		(1,155.14)	(1,588.50)	35.54	4,272.74
	Purchase of investment in subsidiaries		-	-	-	(40,762.57)
	Interest received		1,392.95	2,791.51	4,778.89	3,829.54
	Dividend received		2.16	2.16	-	0.98
	Net cash (used in) investing activities (B)		**(5,559.91)**	**(6,006.13)**	**(4,040.44)**	**(49,467.77)**
C	**Net cash flow from financing activities:**					
	Proceeds from long term borrowings		31,501.85	34,239.63	12,298.74	56,065.03
	(Repayment) of long term borrowings		(8,104.80)	(34,699.01)	(11,629.94)	(14,947.70)
	Proceeds from buyer's credit		10,079.02	2,19,741.41	3,14,595.82	4,46,811.30
	(Repayment) of buyer's credit		(99,083.28)	(2,47,338.09)	(3,84,181.38)	(3,62,336.20)
	Proceeds from short term loans		2,14,701.23	3,09,985.00	3,30,460.03	27,806.28
	(Repayment) of short term loans		(2,45,891.97)	(3,06,316.00)	(3,09,571.06)	(18,497.52)
	Proceeds from/ (repayment) of other short term borrowings (net)		52,126.98	42,842.32	(20,218.88)	32,487.54
	Dividend paid on equity shares		(1,185.15)	(698.94)	0.00	(1,175.19)
	Dividend distribution tax paid		(114.43)	(206.25)	-	(316.00)
	Interest paid		(18,957.65)	(31,423.76)	(32,431.14)	(29,642.65)
	Net cash (used in) in financing activities (C)		**(64,928.20)**	**(13,873.69)**	**(1,00,677.81)**	**1,36,254.89**
D	**Net (decrease)/increase in cash and cash equivalents (A+B +C)**		**(7,388.54)**	**8,256.57**	**5,384.30**	**(365.39)**
	Cash and cash equivalents at the beginning of the period		14,821.37	6,564.80	1,180.50	659.96
	Add: Net cash of other group companies on acquisition		-	-	-	885.93
	Cash and cash equivalents at the end of the period (Refer Note 10)		**7,432.83**	**14,821.37**	**6,564.80**	**1,180.50**

* Cash flow from operating activities for the 31 March 2018 is after considering corporate social responsibility expenditure of INR 32.43 lakhs (31 March 2018: INR 61.96 lakhs; 31 March 2017: INR 103.30 lakhs; 31 March 2016: INR 165.42 lakhs)

Zuari Agro Chemicals Limited
Annexure - III
Restated Ind AS Consolidated Summary Statement of Cash Flows for the period ended 30 September 2018, years ended 31 March 2018, 2017 and 2016
(Amount in INR lakhs, unless otherwise stated)

Cash and cash equivalents	For the period ended 30 September 2018	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2016
Balances with banks				
- on current accounts	6,101.74	6,200.49	6,548.03	1,062.70
- on cash credit accounts	27.61	3.74	-	2.85
- Deposits with original maturity of less than 3 months	1,300.00	8,600.00	-	-
Cash on hand	3.19	3.18	3.06	8.47
Cheques on hand	0.29	13.96	13.71	106.48
Cash and cash equivalents	**7,432.83**	**14,821.37**	**6,564.80**	**1,180.50**

Changes in liabilities arising from financing activities	1 April 2017	Cash flows	Foreign currency exchange difference	31 March 2018	Cash flows	Foreign currency exchange difference	30 September 2018
Long term borrowings (Refer Note 12A & 14)	66,887.48	(459.38)	802.54	**67,230.65**	23,397.05	-	**90,627.70**
Short term borrowings (Refer Note 12B)	3,62,989.81	18,914.64	1,590.19	**3,83,494.64**	(68,068.02)	2,626.37	**3,18,053.00**
Total liabilities from financing activities	**4,29,877.29**	**18,455.26**	**2,392.73**	**4,50,725.29**	**(44,670.96)**	**2,626.37**	**4,08,680.70**

Summary of significant accounting policies **2**
The accompanying notes are an integral part of the Restated Ind AS Consolidated Summary Statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's registration no. 301003E/E300005

For and on behalf of the Board of Directors of
Zuari Agro Chemicals Limited

per Vishal Sharma
Partner
Membership No. 96766

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

Sandeep Agrawal
Chief Financial Officer

Place of signature : Gurugram
Date:

Place of signature : Gurugram
Date:

Zuari Agro Chemicals Limited
Annexure - IV
Restated Ind AS Consolidated Summary Statement of Changes in Equity for the period ended 30 September 2018, years ended 31 March 2018, 2017 and 2016
(Amount in INR lakhs, unless otherwise stated)

(a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	No. of Shares	Amount (INR in lakhs)
At 31 March 2016	4,20,58,006	4,205.80
At 31 March 2017	4,20,58,006	4,205.80
At 31 March 2018	4,20,58,006	4,205.80
At 30 September 2018	4,20,58,006	4,205.80

(b) Other equity
For the period ended 30 September 2018: **(INR In Lakhs)**

	Reserves and surplus (Refer Note 11A)				OCI		Total other equity	Non controlling interest	Total
	Business Restructuring Reserve	Capital Reserves	Surplus in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	FVTOCI Financial Instruments			
As at 1 April 2018	**65,404.84**	**57,667.51**	**14,319.18**	**6,150.00**	**419.32**	**(81.13)**	**1,43,879.72**	**39,155.12**	**1,83,034.84**
(Loss) for the period	-	-	1,277.95	-	-	-	1,277.95	1,030.22	**2,308.17**
Other comprehensive income/(loss)	-	-	92.10	-	1,382.31	(1,892.81)	(418.40)	7.48	**(410.92)**
Total comprehensive income/ (loss) for the period	**-**	**-**	**1,370.05**	**-**	**1,382.31**	**(1,892.81)**	**859.55**	**1,037.70**	**1,897.25**
Cash dividends	-	-	-	-	-	-	-	(556.72)	**(556.72)**
Dividend distribution tax (DDT)	-	-	(114.43)	-	-	-	(114.43)	-	**(114.43)**
As at 30 September 2018	**65,404.84**	**57,667.51**	**15,574.80**	**6,150.00**	**1,801.63**	**(1,973.94)**	**1,44,624.84**	**39,636.10**	**1,84,260.94**

For the year ended 31 March 2018: **(INR In Lakhs)**

	Reserves and surplus (Refer Note 11A)				OCI		Total other equity	Non controlling interest	Total
	Business Restructuring Reserve	Capital Reserves	Surplus in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	FVTOCI Financial Instruments			
As at 1 April 2017	**65,404.84**	**57,667.51**	**1,113.79**	**6,150.00**	**355.47**	**1,451.68**	**1,32,143.29**	**36,577.14**	**1,68,720.43**
Profit for the year	-	-	13,696.28	-	-	-	13,696.28	2,863.84	**16,560.12**
Other comprehensive income/(loss)	-	-	135.94	-	63.85	(1,532.81)	(1,333.02)	(7.50)	**(1,340.52)**
Total comprehensive income/ (loss) for the year	**-**	**-**	**13,832.22**	**-**	**63.85**	**(1,532.81)**	**12,363.26**	**2,856.34**	**15,219.60**
Cash dividends	-	-	(420.58)	-	-	-	(420.58)	(278.36)	**(698.94)**
Dividend distribution tax (DDT)	-	-	(206.25)	-	-	-	(206.25)	-	**(206.25)**
As at 31 March 2018	**65,404.84**	**57,667.51**	**14,319.18**	**6,150.00**	**419.32**	**(81.13)**	**1,43,879.72**	**39,155.12**	**1,83,034.84**

For the year ended 31 March 2017: **(INR In Lakhs)**

	Reserves and surplus (Refer Note 11A)				OCI		Total other equity	Non controlling interest	Total
	Business Restructuring Reserve	Capital Reserves	Surplus in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	FVTOCI Financial Instruments			
As at 1 April 2016	**65,404.84**	**57,667.51**	**(3,260.79)**	**6,150.00**	**631.43**	**103.79**	**1,26,696.78**	**35,382.34**	**1,62,079.12**
Profit for the year	-		4,237.08	-	-		4,237.08	1,189.80	**5,426.88**
Other comprehensive income/(loss)	-		137.50	-	(275.96)	1,347.89	1,209.43	5.00	**1,214.43**
Total comprehensive income/(loss) for the year	**-**	**-**	**4,374.58**	**-**	**(275.96)**	**1,347.89**	**5,446.51**	**1,194.80**	**6,641.31**
As at 31 March 2017	**65,404.84**	**57,667.51**	**1,113.79**	**6,150.00**	**355.47**	**1,451.68**	**1,32,143.29**	**36,577.14**	**1,68,720.43**

Zuari Agro Chemicals Limited
Annexure - IV
Restated Ind AS Consolidated Summary Statement of Changes in Equity for the period ended 30 September 2018, years ended 31 March 2018, 2017 and 2016
(Amount in INR lakhs, unless otherwise stated)

For the year ended 31 March 2016: **(INR In Lakhs)**

	Reserves and surplus (Refer Note 11A)				OCI		Total other equity	Non controlling interest	Total
	Business Restructuring Reserve	Capital Reserves	Surplus in the statement of profit and loss	General reserve	Foreign Currency Translation Reserve	FVTOCI Financial Instruments			
As at 1 April 2015	**65,404.84**	**35,300.78**	**7,828.54**	**6,150.00**	**-**	**4,068.71**	**1,18,752.87**	**-**	**1,18,752.87**
(Loss) for the year	-	-	(10,181.74)	-			(10,181.74)	(1,466.07)	**(11,647.81)**
Other comprehensive income/(loss)	-	-	249.58	-	631.43	(3,964.92)	(3,083.91)	(74.05)	**(3,157.96)**
Total comprehensive income/(loss)	**-**	**-**	**(9,932.16)**	**-**	**631.43**	**(3,964.92)**	**(13,265.65)**	**(1,540.12)**	**(14,805.77)**
Bargain purchase on acquisition of subsidiary	-	22,366.73			-		22,366.73		**22,366.73**
Acquisition of non-controlling interest							-	37,256.48	**37,256.48**
Cash dividends (Note 27)	-	-	(841.17)	-	-		(841.17)	(334.02)	**(1,175.19)**
Dividend distribution tax (DDT) (Note 27)	-	-	(316.00)	-	-		(316.00)		**(316.00)**
As at 31 March 2016	**65,404.84**	**57,667.51**	**(3,260.79)**	**6,150.00**	**631.43**	**103.79**	**1,26,696.78**	**35,382.34**	**1,62,079.12**

Summary of significant accounting policies
The accompanying notes are an integral part of the Restated Ind AS Consolidated Summary Statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per Vishal Sharma
Partner
Membership No. 96766

Place of signature : Gurugram
Date:

For and on behalf of the Board of Directors of Zuari Agro Chemicals Limited

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

Sandeep Agrawal
Chief Financial Officer

Place of signature : Gurugram
Date:

1. Corporate Information

The Restated Ind AS Consolidated Summary Statements comprise financial statements of "Zuari Agro Chemicals Limited" ("the Parent Company" or "ZACL") and its subsidiaries (collectively, the Group) and its joint ventures for the period ended 30 September 2018.

The Parent Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India. The registered office of the Parent Company is located at Jai Kisaan Bhawan, Zuarinagar, Goa 403726.

The Group is in the business of manufacturing, trading and marketing of chemical fertilizers, water soluble fertilizers, seeds, pesticides and fertilizer products.

The National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated 14 September 2017 has approved/sanctioned the scheme of amalgamation of Zuari Fertilisers and Chemicals Limited (ZFCL), Zuari Speciality Fertilizers Limited (formerly known as Zuari Rotem Speciality Fertilizers Limited) (ZSFL) and Zuari Agri Sciences Limited (ZASL) with the Parent Company under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and Sections 230 to 232 of the Companies Act, 2013, as may be applicable. The appointed date of the Amalgamation is 1 April 2015. The amalgamation came into effect from 13 November 2017 pursuant to filing of NCLT order with the Registrar of Companies on the said date. As a consequence of the amalgamation, there is no change in the shareholding pattern of the Parent Company, given that the Parent Company is not required to issue any shares pursuant to the Amalgamation of all the Transferor Companies i.e. ZFCL, ZSFL and ZASL. ZFCL and ZASL were the wholly-owned subsidiaries of the Parent Company. The Parent Company has on 11 December 2015 acquired balance 50% of equity shares of ZSFL held by Rotem Amfert Negev Limited for INR 1,332.33 lakhs (Refer Note No 54 for details).

These Restated Ind AS Consolidated Summary Statements were authorized for issue in accordance with a resolution of the Board of Directors of the Parent Company in their meeting held on 8th February 2019.

2.A. Summary of Significant Accounting Policies

i) Basis of Preparation

The Restated Ind AS Consolidated Summary Statement of Assets and Liabilities of the group as at 30 September 2018, 31 March 2018, 31 March 2017 and 31 March 2016 and the Restated Ind AS Consolidated Summary Statement of Profit and Loss, the Restated Ind AS Consolidated Summary Statement of Changes in Equity and the Restated Ind AS Consolidated Summary Statement of Cash Flows for the period ended 30 September 2018 and for the years ended 31 March 2018, 31 March 2017 and 31 March 2016 and Notes to Restated Ind AS Consolidated Summary Statements (hereinafter collectively referred to as "Restated Ind AS Consolidated Summary Statements") has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013. The Restated Ind AS Consolidated Summary Statements has been compiled by the group for the period ended 30 September 2018, year ended 31 March 2018, 31 March 2017 and 31 March 2016 from the Audited Consolidated Financial Statements of the Group.

The Restated Ind AS Consolidated Summary Statements have been prepared by the Management in connection with the proposed issue of compulsory convertible debentures of the Parent Company by way of a right issue, which is to be filed by Company with the Securities and Exchange Board of India ("SEBI"), and the concerned Stock Exchanges in accordance with the requirements of:

a) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued by the SEBI, in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (referred to as the "regulations").

These Restated Ind AS Consolidated Summary Statements have been extracted by the Management from the Audited Consolidated Financial Statements and:

a) have been made after incorporating adjustments for changes in accounting policies, material errors and regrouping/reclassifications retrospectively in respective financial years to reflect the same accounting treatment as per accounting policies and grouping/classifications followed as at September 30, 2018 and for the period ended September 30, 2018;

b) have been made after giving effect to the matters giving rise to modifications in paragraph d below;

c) have been prepared in accordance with the ICDR Regulations and Guidance Note; and

d) The qualifications in the auditors' reports on the consolidated Ind AS financial statements as at and for the financial year ended 31 March 2018 and consolidated financial statements as at and for the financial year ended 31 March 2016, which required adjustments to the Restated Ind AS Unconsolidated Summary Statements.

ii) Statement of compliance

The Restated Ind AS Consolidated Summary Statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. The Group has uniformly applied the accounting policies during the periods presented. Financial statement for the year ended 31 March 2017 were the first set of Ind AS financial statements issued by the Group, hence were covered by Ind AS 101, ‘First Time Adoption of Indian Accounting Standards’. The transition to Ind AS has been carried out from the accounting principles generally accepted in India (‘Indian GAAP’), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Group's Equity, Statement of Profit and Loss and Cash Flow Statement are provided in Note 55.

The Restated Ind AS Consolidated Summary Statements have been prepared on an accrual basis and under the historical cost basis, except for the following assets and liabilities which have been measured at fair value-

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit plans – plan assets measured at fair value.

The Restated Ind AS Consolidated Summary Statements of the Group are presented in Indian Rupee (INR) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

iii) Basis of consolidation

The Restated Ind AS Consolidated Summary Statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 September 2018, 31 March 2018, 31 March 2017 and 31 March 2016. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Restated Ind AS Consolidated Summary Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Restated Ind AS Consolidated Summary Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member’s financial statements in preparing the Restated Ind AS Consolidated Summary Statements to ensure conformity with the Group’s accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Restated Ind AS Consolidated Summary Statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Restated Ind AS Consolidated Summary Statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. However, the non-controlling interests have been restricted to zero on the transition date i.e. 1 April 2015 using the exemption provided by the Ind AS 101 and the accumulated losses attributable to the non-controlling interest holders in excess of their equity on the transition date, in the absence of the contractual obligation on the non-controlling interest holders, the same has been accounted for by the Parent Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

iv) Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

v) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investment in its associate and joint ventures are accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

a) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
b) Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss includes the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

vi) Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if
a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
b) it is held primarily for the purpose of being traded; or
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when
a) it is expected to be settled in the Group's normal operating cycle; or
b) it is held primarily for the purpose of being traded; or
c) it is due to be settled within twelve months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Group has identified twelve months as its operating cycle.

vii) Foreign Currency Translation

a) Functional and presentation currency

Items included in the Restated Ind AS Consolidated Summary Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The Restated Ind AS Consolidated Summary Statements are presented in Indian Rupee (INR), which is Group's functional and presentation currency.

b) Initial recognition

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition.

c) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

d) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

e) Translation of a foreign operation

On consolidation, the assets and liabilities of foreign operations are translated into Rs. at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1 April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

viii) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

ix) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Ind AS Consolidated Summary Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Ind AS Consolidated Summary Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group’s management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

x) Property, plant and equipment

On transition to Ind AS i.e. 1 April 2015, the Group has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non- refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

xi) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (a) to (d) below is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Group has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013.

	Useful lives estimated by the management (years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years

Plant and equipment (Continuous process plant)	15 and 25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	3 to 30 years
Office equipment	3 to 6 years
Vehicles	8 and 10 years
Railway Siding	15 years

(a) In case of the Parent Company, the useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

(b) In case of the Parent Company, the management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets -

  i. The useful lives of certain plant and machinery having net block of Rs. 192.71 lakhs are estimated as 30 to 40 years. These lives are higher than those indicated in schedule II.

  ii. The useful lives of certain buildings having net block of Rs. 278.48 lakhs are estimated as 15 years. These lives are lower than those indicated in schedule II.

(c) Insurance/ capital/ critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance/capital/ critical spares, whichever is lower.

(d) Property, plant and equipment whose value is less than Rs. 5,000/- are depreciated fully in the year of purchase.

Leasehold land are amortized on a straight-line basis over the lease tenure i.e. 95 years. In respect of the Parent Company, in case of one of the leasehold land, lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period. Hence no depreciation has been provided thereon.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

xii) Intangible Assets

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The following are the acquired intangible assets:

Software

Management of the Group assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

All expenses incurred on research and development activities are expensed as incurred by the Group since these do not meet the recognition criteria as listed above.

Goodwill (pursuant to the scheme of amalgamation)

Goodwill acquired through amalgamation of Greentech Seeds International Pvt Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Parent Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

Goodwill (pursuant to the scheme of amalgamation)

Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company, has got merged with the Parent Company. (Refer Note 54)

xiii) Investment Property

The Group has elected to continue with the carrying value for all of its investment property as recognized in its previous GAAP consolidated financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

xiv) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

xv) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Group is the lessee

Finance Leases as a lessee:
Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases as a lessee:
Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xvi) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments-

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

-Debt instruments at amortised cost;
-Debt instruments at fair value through other comprehensive income (FVTOCI);
-Debt instruments at fair value through profit or loss (FVTPL).

Debt instruments at amortised cost

A debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent sole payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments-
Investments in subsidiaries are subsequently measured at cost.

For the purposes of subsequent measurement of other equity instruments classification is made into below two categories:

- Equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity investments other than investments in subsidiaries are measured at fair value. The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument -by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.
The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-month ECL.

b) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xvii) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

xviii) Dividend to equity holders of the Parent Company

The Group recognises a liability to make dividend distributions to equity holders of the Parent Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

xix) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

(a) Raw materials and Store and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

(b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Moving weighted average method.

(d) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

xx) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

xxi) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in paragraph 2.B

Sale of goods

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation/ de–escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilisers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilisers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(a) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

(b) Volume rebates

The Group provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

ii) Significant financing component

Occasionally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in paragraph xii) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

As per Ind AS 115 and the Educational Material of Ind AS 115, sales tax/ VAT is not received by the entity on its own account, it is tax collected on value added to the commodity by the seller on behalf of the Government, therefore, it is excluded from revenue. From 1 July 2017, the GST regime has been introduced, revenue is being recognised net of GST.

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Group is reasonably certain of their ultimate collection.

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

xxii) Retirement and other employee benefits

a) Provident Fund

Retirement benefits in the form of Provident Fund is a defined benefit obligation in respect of fertilizer unit in Goa of the Parent Company and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of Provident Fund in case of a subsidiary and other units of the Parent Company is a defined contribution scheme. The Group recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to , for example, a reduction in future payment or a cash refund.

b) Superannuation and Contributory Pension Fund

The Parent Company has approved Superannuation Fund and Contributory Pension Fund whereas one subsidiary company have only approved Superannuation Fund, which are defined contribution schemes. Retirement benefit in the form of Superannuation

Fund and Contributory Pension Fund are defined contribution scheme. The Group has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. The Group recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

c) Gratuity

Retirement benefit in the form of gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Parent Company and a subsidiary have taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

d) Post-Retirement Medical Benefit

In respect of the Parent Company post-retirement medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. Remeasurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit & loss.

e) Leave Encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

f) Pension Fund

In respect of the Parent Company, retirement benefit in the form of family pension fund and National Pension Scheme are defined contribution scheme. The Parent Company has no obligation, other than the contribution payable to the pension fund. The Parent Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

g) Voluntary Retirement Scheme

Compensation to employees under the voluntary retirement scheme of the Parent Company is computed on the basis of number of employees exercising the retirement option under the scheme. The present value of the expected obligation is charged to the Statement of Profit and Loss in the year when such scheme is formally announced.

h) Short term employee benefits

All employee benefits payable/ available within twelve months of rendering of service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

xxiii) Taxes

Current Income tax and Deferred Tax

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement” and grouped under Deferred Tax. The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Goods and Service Tax (GST) / Sales/value added taxes paid on acquisition of assets or on incurring expenses
When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

xxiv) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Parent Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

xxv) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

xxvi) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

In case of seeds division, the Parent Company makes an estimation of probable sales return out of the sales booked during the financial year, considering the terms and condition of the sale and past tendency of such sales return. A provision is made for loss on account of such estimated sales return which is approximate to the amount of profit originally booked on such sale.

xxvii) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Group according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting Restated Ind AS Consolidated Summary Statements of the Group as a whole.

2.B. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Restated Ind AS Consolidated Summary Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in note 32.

b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where ever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 36 for further disclosures.

c) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

e) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

2.C. Changes in accounting policies and disclosures

New and amended standards

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in September 2018, but do not have an impact on the Restated Ind AS Consolidated Summary Statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption. Under the modified retrospective approach, there were no significant adjustments required to the retained earnings at 1 April 2018 in the Restated Ind AS Consolidated Summary Statements. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the Restated Ind AS Consolidated Summary Statements.

Amendment to Ind AS 20 Government grant related to non-monetary asset

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the Restated Ind AS Consolidated Summary Statements as the Group continues to present grant relating to asset by setting up the grant as deferred income.

Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Group’s Restated Ind AS Consolidated Summary Statements.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group’s Restated Ind AS Consolidated Summary Statements.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's Restated Ind AS Consolidated Summary Statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's Restated Ind AS Consolidated Summary Statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments do not have any impact on the Group's Restated Ind AS Consolidated Summary Statements.

2.D. Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's Restated Ind AS Consolidated Summary Statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

Transition to Ind AS 116

The Group plans to adopt Ind AS 116 retrospectively to each prior reporting period presented. The Group will elect to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

3. Property, plant and equipment

(INR in lakhs)

	Freehold land (Refer Note 48)	**Leasehold land (Refer note i below)**	**Buildings**	**Railway siding**	**Plant & equipment**	**Furniture & fixtures**	**Office equipment**	**Vehicles**	**Total**	**Capital work in progress**
Deemed Cost										
As at 1 April 2015	**78.12**	**453.78**	**2,925.42**	**383.21**	**24,442.95**	**325.61**	**530.71**	**433.72**	**29,573.52**	**15,764.74**
Additions	-	396.00	4,321.93	166.32	19,107.99	197.16	245.02	12.48	24,446.90	-
Additions due to acquisition	64,113.96	3.04	4,207.20	493.66	49,541.67	264.57	207.79	101.47	1,18,933.36	1,407.96
Borrowing costs	-	-	489.07	-	930.23	-	-	-	1,419.30	-
Disposals	-	-	14.81	6.99	645.80	1.96	5.02	89.37	763.95	6,971.07
As at 31 March 2016	**64,192.08**	**852.82**	**11,928.81**	**1,036.20**	**93,377.04**	**785.38**	**978.50**	**458.30**	**1,73,609.13**	**10,201.63**
Additions	-	-	1,125.93	-	4,352.11	67.48	87.49	80.37	5,713.38	5,868.42
Borrowing costs	-	-	53.58	-	107.31	-	-	-	160.89	-
Disposals	-	3.04	3.89	-	303.80	17.95	9.88	64.27	402.83	1,817.64
As at 31 March 2017	**64,192.08**	**849.78**	**13,104.43**	**1,036.20**	**97,532.66**	**834.91**	**1,056.11**	**474.40**	**1,79,080.57**	**14,252.41**
Additions	-	23.92	236.42	-	7,272.02	340.14	160.85	659.57	8,692.92	8,483.79
Borrowing costs	-	-	-	-	601.79	-	-	-	601.79	-
Disposals	-	-	8.32	-	1,042.10	49.62	3.55	8.10	1,111.69	8,079.94
As at 31 March 2018	**64,192.08**	**873.70**	**13,332.53**	**1,036.20**	**1,04,364.37**	**1,125.43**	**1,213.41**	**1,125.87**	**1,87,263.59**	**14,656.26**
Additions	-	9.09	18.09	-	2,855.65	167.14	163.63	92.88	3,306.48	5,679.71
Borrowing costs	-	-	-	-	112.54	-	-	-	112.54	487.10
Disposals	-	-	-	-	495.30	1.24	7.20	49.78	553.52	3,202.29
As at 30 September 2018	**64,192.08**	**882.79**	**13,350.62**	**1,036.20**	**1,06,837.26**	**1,291.33**	**1,369.84**	**1,168.97**	**1,90,129.09**	**17,620.78**
Depreciation and impairment										
As at 1 April 2015	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	12.03	380.67	71.89	5,343.90	132.88	206.26	107.81	6,255.44	-
Disposals	-	-	0.63	-	258.80	0.14	0.51	15.76	275.84	-
As at 31 March 2016	**-**	**12.03**	**380.04**	**71.89**	**5,085.10**	**132.74**	**205.75**	**92.05**	5,979.60	**-**
Charge for the year	-	4.23	507.75	88.38	6,262.84	140.56	227.70	83.21	7,314.67	-
Disposals	-	-	0.27	-	98.74	7.91	7.42	30.43	144.77	-
As at 31 March 2017	**-**	**16.26**	**887.52**	**160.27**	**11,249.20**	**265.39**	**426.03**	**144.83**	13,149.50	**-**
Charge for the year	-	4.35	443.51	87.68	6,755.37	162.86	221.47	135.34	7,810.58	-
Disposals	-	-	0.99	-	324.34	37.12	3.15	6.87	372.47	-
As at 31 March 2018	**-**	**20.61**	**1,330.04**	**247.95**	**17,680.23**	**391.13**	**644.35**	**273.30**	**20,587.61**	**-**
Charge for the period	-	2.42	217.57	43.82	3,452.80	95.50	106.38	90.58	4,009.07	-
Impairment (Refer Note vii below)	-	-	-	-	-	-	-	-	-	367.17
Disposals	-	-	-	-	194.83	1.24	6.20	15.38	217.65	-
As at 30 September 2018	**-**	**23.03**	**1,547.61**	**291.77**	**20,938.20**	**485.39**	**744.53**	**348.50**	**24,379.03**	**367.17**
Net book value										
As at 30 September 2018	**64,192.08**	**859.76**	**11,803.01**	**744.43**	**85,899.06**	**805.94**	**625.31**	**820.47**	**1,65,750.06**	**17,253.61**
As at 31 March 2018	**64,192.08**	**853.09**	**12,002.49**	**788.25**	**86,684.14**	**734.30**	**569.06**	**852.57**	**1,66,675.98**	**14,656.26**
As at 31 March 2017	**64,192.08**	**833.52**	**12,216.91**	**875.93**	**86,283.46**	**569.52**	**630.08**	**329.57**	**1,65,931.07**	**14,252.41**
As at 31 March 2016	**64,192.08**	**840.79**	**11,548.77**	**964.31**	**88,291.94**	**652.64**	**772.75**	**366.25**	**1,67,629.53**	**10,201.63**

For property, plant and equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value of the assets as deemed costs.

i. This includes land of INR 396.00 lakhs (31 March 2018: INR 396.00 lakhs; 31 March 2017: INR 396.00 lakhs; 31 March 2016: INR 396.00 lakhs) wherein lease cum sale agreement is for a period of 10 years. Lesser shall sell the property at the end of the lease period or extended period, if any. Additions during the period represents registration charges.

ii. Assets pledged as security for borrowings: Refer Note 12 for information on property, plant and equipment, pledged as security against borrowing.

iii. Building includes self constructed building with net book value of INR 4,377.63 lakhs (31 March 2018 INR 4,452.52 lakhs; 31 March 2017: INR 4,601.85 lakhs; 31 March 2016: INR 4,946.21 lakhs) on leasehold land.

iv. Contractual obligations: Refer Note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

3. Property, plant and equipment

v. Capitalized Expenditure

Borrowing Costs

Plant & Equipment include INR 112.54 lakhs (31 March 2018: INR 614.01 lakhs; 31 March 2017: INR 160.89 lakhs; 31 March 2016: INR 1,419.30) towards borrowing costs capitalised during the period. The rate used to determine the amount of borrowing costs eligible for capitalisation by the Fertilizer Division was 10.23% (31 March 2018: 10.01%; 31 March 2017: 9.82%; 31 March 2016: 10.50%), which is the effective interest rate of the specific borrowing.

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Balance brought down	1,146.59	864.47	121.32	812.51
Interest expenses	599.64	896.13	904.04	728.11
Sub-Total	**1,746.23**	**1,760.60**	**1,025.36**	**1,540.62**
Less: Allocated to Property, Plant and equipment	112.54	614.01	160.89	1,419.30
Balance carried down (included in Capital work in progress)	**1,633.69**	**1,146.59**	**864.47**	**121.32**

vi. Capital work in progress

Capital work in progress comprises of expenditure for revamping of ammonia urea plant and other plant & machinery in the course of construction.

vii. Impairment of CWIP

During the period ended on 30 September 2018, the impairment loss of INR 367.17 (31 March 2018: INR Nil; 31 March 2017: INR Nil; 31 March 2016: INR: Nil) represented the write-down value of Capital work in progress related to Jetty project due to non viability of the project in foreseeable future as internally assessed by the management. The same has been charged off to statement of profit and loss.

4. Investment property

	(INR in lakhs)
Opening balance at 1 April 2015	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31 March 2016	**362.29**
Additions (subsequent expenditure)	**-**
Closing balance at 31 March 2017	**362.29**
Additions (subsequent expenditure)	-
Closing balance at 31 March 2018	**362.29**
Additions (subsequent expenditure)	**-**
Closing balance at 30 September 2018	**362.29**
Depreciation and impairment	
Opening balance at 1 April 2015	-
Depreciation for the year	-
Closing Balance at 31 March 2016	-
Depreciation for the year	-
Closing balance at 31 March 2017	**-**
Depreciation for the year	-
Closing balance at 31 March 2018	**-**
Depreciation for the period	**-**
Closing balance at 30 September 2018	**-**
Net book value	
at 31 March 2016	**362.29**
at 31 March 2017	**362.29**
at 31 March 2018	**362.29**
at 30 September 2018	**362.29**

For investment property existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value of the assets as deemed costs.

(INR in lakhs)

Information regarding income and expenditure of Investment property	**At 30 September 2018**	**At 31 March 2018**	**At 31 March 2017**	**At 31 March 2016**
Rental income derived from investment properties	Nil	Nil	Nil	Nil
Direct operating expenses (including repairs and maintenance) generating rental income	Nil	Nil	Nil	Nil
Direct operating expenses (including repairs and maintenance) that did not generate rental income	Nil	Nil	Nil	Nil
Profit arising from investment properties before depreciation and indirect expenses	Nil	Nil	Nil	Nil
Less – Depreciation	Nil	Nil	Nil	Nil
Profit arising from investment properties before indirect expenses	Nil	Nil	Nil	Nil

Investment property consist of freehold land owned by the Group.

The Parent Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Parent Company considers information from a variety of sources including -

1. Current prices in an active market of properties of different nature or recent prices of similar properties in less active market adjusted to reflect those differences.
2. Discounted cash flow projections based on reliable estimates of future cash flows.
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

As at 30 September 2018, 31 March 2018, 31 March 2017 and 31 March 2016, the fair values of the properties are INR 409.00 lakhs, INR 484.00 lakhs, INR 430.00 lakhs and INR 403.20 lakhs respectively. These valuations are based on valuations performed by an accredited independent valuer who is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

Details of key inputs used in the valuation of investment properties are as below:
Property description : Land situated in the Pannagudi & Karaikal village, Tamil Nadu

Significant unobservable Inputs	**Inputs**			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Land Area	24.8 Acre	24.8 Acre	24.8 Acre	24.8 Acre
Prevailing Market Rate (Per Acre)	INR 18 Lakhs/Acre	INR 25 Lakhs/Acre	INR 18 Lakhs/Acre	INR 17 Lakhs/Acre
Guidelines rates obtained from Register office	INR 2.68 Lakhs/Acre	INR 2.68 Lakhs/Acre	INR 4 Lakhs/Acre	INR 4 Lakhs/Acre
Assessed / Adopted rate for valuation	INR 16.50 Lakhs/Acre	INR 19.52 lakhs/Acre	INR 17.33 Lakhs/Acre	INR 16.26 lakhs/Acre

The Parent Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Reconciliation of fair value:	**(INR in lakhs)**
Opening balance as at 01 April 2015	**376.30**
Fair value difference	26.90
Purchases	-
Closing balance as at 31 March 2016	**403.20**
Fair value difference	26.80
Purchases	-
Closing balance as at 31 March 2017	**430.00**
Fair value difference	54.00
Purchases	-
Closing balance as at 31 March 2018	**484.00**
Fair value difference	(75.00)
Purchases	-
Closing balance as at 30 September 2018	**409.00**

Zuari Agro Chemicals Limited

Annexure - V

Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016

5. Intangible assets

(INR in lakhs)

	Software	Goodwill (pursuant to the scheme of amalgamation)*	BT cotton (Internally generated)#	Bajra (Externally generated)#	Goodwill (pursuant to the scheme of amalgamation)**	Trademark^	Total	Intangible assets under development##
Cost								
As at 1 April 2015	**130.14**	**-**	**-**	**-**	**-**	**-**	**130.14**	**5.56**
Additions	177.89	403.60	15.32	8.27	1,533.53	-	2,138.61	9.46
Additions due to acquisition	20.81	-	-	-	-	11,405.00	11,425.81	-
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2016	**328.84**	**403.60**	**15.32**	**8.27**	**1,533.53**	**11,405.00**	**13,694.56**	**15.02**
Additions	92.23	-	-	-	-	-	92.23	19.34
Disposals	6.83	-	-	-	-	-	6.83	15.02
As at 31 March 2017	**414.24**	**403.60**	**15.32**	**8.27**	**1,533.53**	**11,405.00**	**13,779.96**	**19.34**
Additions	199.35	-	-	-	-	-	199.35	82.38
Disposals	-	-	-	-	-	-	-	101.72
As at 31 March 2018	**613.59**	**403.60**	**15.32**	**8.27**	**1,533.53**	**11,405.00**	**13,979.31**	**-**
Additions	60.20	-	-	-	-	-	60.20	-
Disposals	-	-	-	-	-	-	-	-
As at 30 September 2018	**673.79**	**403.60**	**15.32**	**8.27**	**1,533.53**	**11,405.00**	**14,039.51**	**-**
Amortization and impairment								
As at 1 April 2015	-	-	-	-	-	-	-	-
Charge for the year	98.37	-	15.32	8.27	-	249.19	371.15	-
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2016	**98.37**	**-**	**15.32**	**8.27**	**-**	**249.19**	**371.15**	**-**
Charge for the year	133.66	-	-	-	-	285.13	418.79	-
Disposals	1.70	-	-	-	-	-	1.70	-
As at 31 March 2017	**230.33**	**-**	**15.32**	**8.27**	**-**	**534.32**	**788.24**	**-**
Charge for the year	128.23	28.83	-	-	-	285.13	442.19	-
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2018	**358.56**	**28.83**	**15.32**	**8.27**	**-**	**819.45**	**1,230.43**	**-**
Charge for the period	63.59	-	-	-	-	142.57	206.16	-
Disposals	-	-	-	-	-	-	-	-
As at 30 September 2018	**422.15**	**28.83**	**15.32**	**8.27**	**-**	**962.02**	**1,436.59**	**-**
Net book value								
As at 30 September 2018	**251.64**	**374.77**	**-**	**-**	**1,533.53**	**10,442.98**	**12,602.92**	**-**
As at 31 March 2018	**255.03**	**374.77**	**-**	**-**	**1,533.53**	**10,585.55**	**12,748.88**	**-**
As at 31 March 2017	**183.91**	**403.60**	**-**	**-**	**1,533.53**	**10,870.68**	**12,991.72**	**19.34**
As at 31 March 2016	**230.47**	**403.60**	**-**	**-**	**1,533.53**	**11,155.81**	**13,323.41**	**15.02**

For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value of the assets as deemed costs.

*Pertains to goodwill acquired through amalgamation of Greentech Seeds International Pvt Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Parent Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

**Goodwill arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company (Refer Note 54)

Software consists of cost of ERP licenses and development cost.

BT cotton and Bajra represents trademark in name of erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Parent Company.

Intangible assets under development comprises of software.

^Trademark represents acquisition date fair value of brand in one of the subsidiary of the Group

5A. Investment in Joint Ventures

(INR in lakhs)

	Non current							
	30 September 2018		31 March 2018		31 March 2017		31 March 2016	
Investments in Unquoted Equity Instruments carried at cost								
Investment in Joint Ventures								
17,98,16,228 (31 March 2018: 17,98,16,228; 31 March 2017: 17,98,16,228; 31 March 2016: 17,98,16,228) Equity shares of INR 10/- each fully paid-up of Zuari Maroc Phosphates Private Limited	75,170.05		68,316.74		63,139.51		61,748.62	
Add/(Less): Share of OCI for the period	(91.39)		(56.86)		91.63		280.61	
Add/(Less): Share of profit for the period	2,699.19	77,777.85	6,910.17	75,170.05	5,085.60	68,316.74	1,110.28	63,139.51
2,16,90,000 (31 March 2018: 2,16,90,000; 31 March 2017: 2,16,90,000; 31 March 2016: 2,16,90,000) Equity shares of USD 1.00 each fully paid of MCA Phosphate Pte Limited (Refer Note 46)	10,708.66		11,956.68		12,330.04		10,721.37	
Add: Investments made during the period	-		-		-		1,696.10	
Add/(Less): Share of OCI for the period	1,348.11		61.06		(275.95)		631.43	
Add/(Less): Share of profit/(loss) for the period	(55.75)		(147.32)		(97.41)		(718.86)	
(Less): impairment for the period*		12,001.02	(1,161.76)	10,708.66	-	11,956.68	-	12,330.04
Total		**89,778.87**		**85,878.71**		**80,273.42**		**75,469.55**
Aggregate amount of impairment in value of investments (Refer Note 46)		1,161.76		1,161.76		-		-

* The Parent Company has recognized an impairment loss of Nil (31 March 2018: INR 1,161.76 lakhs; 31 March 2017: Nil; 31 March 2016: Nil) on its investments in joint venture entity MCA Phosphate Pte Limited (Refer Note 46)

6. Financial assets

6A Investments

(INR in lakhs)

	Non current							
	30 September 2018		31 March 2018		31 March 2017		31 March 2016	
Investments in equity instruments carried at fair value through other comprehensive income (OCI)								
Quoted equity instruments								
3,22,67,741 (31 March 2018: 3,22,67,741; 31 March 2017: 3,22,67,741; 31 March 2016: Nil) Equity shares of INR 1.00 each fully paid-up of Nagarjuna Fertilisers and Chemicals Limited		3,210.64		4,985.37		6,259.95		-
Unquoted equity instruments								
72,000 (31 March 2018: 72,000; 31 March 2017: 72,000; 31 March 2016: Nil) Equity shares of INR 10/- each fully paid up of Indian Potash Limited		1,154.16		1,272.24		1,370.80		-
Investments in unquoted preference shares								
Investments at fair value through profit or loss								
Bangalore Beverages Limited (2,00,000 (31 March 2018: 2,00,000; 31 March 2017: 2,00,000; 31 March 2016: 2,00,000) Redeemable cumulative preference shares of INR 1/- each with coupon rate of 10% p.a. repayable after 20 years)	20,000.00		20,000.00		20,000.00		20,000.00	
Less:- Provision for diminution in the value of investment (Refer Note 52)	(20,000.00)	-	(20,000.00)	-	(20,000.00)	-	(20,000.00)	-
Total		**4,364.80**		**6,257.61**		**7,630.75**		**-**

Aggregate value of quoted Investments		3,210.64		4,985.37		6,259.95		-
Aggregate value of unquoted Investments		1,154.16		1,272.24		1,370.80		-
Total		**4,364.80**		**6,257.61**		**7,630.75**		**-**
Aggregate amount of impairment in value of investments (Refer Note 52)		20,000.00		20,000.00		20,000.00		20,000.00
Market value of quoted Investments		3,210.64		4,985.37		6,259.95		-

Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. These equity shares are designated as fair value through other comprehensive income (FVTOCI) as they are not held for trading purpose. Thus, disclosing their fair value fluctuation in profit and loss will not reflect the purpose of holding. Refer Note 36 for determination of their fair values.

During the financial year ended 31 March 2017, the Parent Company has acquired 3,22,67,741 number of Equity Shares of INR 1 each of Nagarjuna Fertilisers and Chemicals Limited from Zuari Global Limited, a company having significant influence over the Parent Company.

During the financial year ended 31 March 2017, the Parent Company has acquired 72,000 number of Equity Shares of INR 10 each of Indian Potash Limited from Zuari Global Limited, a company having significant influence over the Parent Company.

6B Loans

(INR in lakhs)

	Non current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Security deposits								
Unsecured, considered good								
- with related parties (Refer Note 34)	29.33	29.33	-	-	-	-	-	-
- with others	1,160.82	1,126.11	1,059.01	1,090.45	118.00	124.30	62.43	52.59
Loans and advances to related parties (Refer Note 34)								
Unsecured, considered good								
Loans and advances*	-	-	-	-	1,011.45	700.00	20.64	85.77
Interest accrued on loans, advances and deposits	-	-	-	-	76.71	-	-	-
Other loans and advances								
Secured, considered good								
Loans to employees	26.97	9.38	17.34	24.92	4.51	6.86	10.26	13.41
Interest accrued on loans to employees	1.65	6.59	20.28	22.05	0.39	-	1.78	8.12
Unsecured, considered good								
Loans to employees	27.09	47.94	64.97	89.48	17.01	14.00	22.84	23.34
Interest accrued on loans to employees	23.86	24.97	28.74	51.31	2.40	3.61	8.46	2.54
Inter corporate deposits (Refer Note 53)	-	-	-	-	-	-	2,000.00	2,000.00
Interest accrued on loans, advances and deposits	-	-	-	-	-	-	243.22	60.23
Credit impaired								
Inter corporate deposits (Refer Note 53)	-	-	-	-	1,060.56	1,060.56	-	-
Interest accrued on inter corporate deposits (Refer Note 53)	-	-	-	-	332.98	332.98	-	-
Less: Intercorporate deposits and interest thereon, credit impaired	-	-	-	-	(1,393.54)	(1,393.54)	-	-
Total	**1,269.72**	**1,244.32**	**1,190.34**	**1,278.21**	**1,230.47**	**848.77**	**2,369.63**	**2,246.00**

Assets pledged as security for borrwoings: Refer Note 12 for information on loans pledged as security against borrowing.

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Group and are measured at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

* Advances includes an amount of INR 700.00 lakhs (31 March 2018 : INR 700.00 lakhs; 31 March 2017: INR Nil; 31 March 2016: INR Nil) given to Indian Furniture Private Limited (IFPL), related party of the Parent Company. Based on confirmation received from Zuari Global Limited (holding company of IFPL), the management considered the advances as good and recoverable. Hence, no impairment loss is required to be considered in these restated Ind AS consolidated summary statements.
Also refer Note 50

6C Other financial assets

(INR in lakhs)

	Non current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Derivative instruments at fair value through profit or loss								
Derivatives not designated as hedges								
Foreign exchange forward covers	60.45	40.98	-	-	7,346.06	648.11	-	-
Other financial assets (Unsecured, Considered good)								
Non-current bank balances	393.35	3.35	3.35	5.93	-	-	-	-
Accrued service income								
- from related parties (Refer Note 34)	-	-	-	179.52	-	-	198.31	198.31
- from others	-	-	-	-	246.59	74.28	403.46	127.97
Claim receivable (Refer Note 42) (Refer Note ii below)	1,682.57	1,682.57	2,003.57	1,821.43	3,025.82	3,025.83	2,779.85	1,441.80
Dividend receivable	-	-	-	-	2.18	-	-	-
Receivables from gas pool operator (Refer Note iii below)	-	-	-	-	14,137.82	9,520.91	11,164.46	7,819.52
Rebate/discount receivable from suppliers	-	-	-	-	619.03	632.26	1,789.42	1,311.87
Advance for investment and others to related party (Refer Note 34)	-	-	-	11,920.00	-	-	-	-
Interest receivable from customers								
- from related parties (Refer Note 34)	-	-	-	-	587.46	289.08	218.86	94.37
- from others (Refer Note iv below)	-	-	-	-	6,497.98	5,823.11	2,097.19	2,308.71
Interest receivable on bank deposits	-	-	-	-	32.64	11.51	-	-
Interest accrued on deposits with others	-	-	-	-	178.18	173.90	149.57	131.19
Packing scheme incentive grant receivable (Refer Note 44)	33.70	33.70	43.50	43.50	57.41	57.41	47.60	47.60
Total	**2,170.07**	**1,760.60**	**2,050.42**	**13,970.38**	**32,731.17**	**20,256.40**	**18,848.72**	**13,481.34**

i) Assets pledged as security for borrwoings: Refer Note 12 for information on other financial assets pledged as security against borrowing.

ii) The Parent Company has paid INR 1,171.00 lakhs to Gas Authority of India Limited (GAIL) towards Take or Pay obligation for the year 2014 against a demand of INR 5,293.00 lakhs. In terms of Contract with GAIL, this Take or Pay amount can be utilized for future Gas supplies, till that time the amount is shown under Claim receivable.

The Parent Company has also paid an amount of INR 1,449.00 lakhs towards Ship or Pay liability for the month of August 2014 and September 2014, out of which INR 1,310.21 lakhs relates to the period during which the Ammonia / Urea plants were under shut down due to force majeure event.

Based on the legal opinion obtained by the Parent Company on the above matters, the management is hopeful to receive the amount paid towards the above claims. Also the management is in continuous discussion with GAIL and as per discussion management is confident of receiving the amount of GAIL.

iii) The amount is receivable from the Gas Pool Operator under the uniform pricing policy of imported natural gas. As per Gas pool mechanism, the landed cost of gas (which varies from plant to plant owing to differential rates at which natural gas is contracted, which is the most important component for production of urea), is uniformly averaged for all the natural gas grid connected urea plants. The Parent Company has aged balance outstanding with the Gas pool operator due to non-payment by one of urea manufacturing unit to gas pool account. The management is confident to recover the outstanding amount in the near future as per the applicable guidelines and also have realised significant portion subsequently. Hence, the amount is fully recoverable & thereby no provision is required.

iv) The Group has accrued interest income on overdue dealer balances on accrual basis to the extent it is reasonably certain of their ultimate collection as per best estimate.

v) Derivative instruments at fair value through profir or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Break up of financial assets carried at amortised cost

(INR in lakhs)

	Non current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Loans (Refer Note 6B)	1,269.72	1,244.32	1,190.34	1,278.21	1,230.47	848.77	2,369.63	2,246.00
Trade receivables (Refer Note 9)	-	-	-	-	3,31,220.33	3,39,990.46	3,43,896.94	4,02,319.03
Cash and cash equivalents (Refer Note 10)	-	-	-	-	7,432.83	14,821.37	6,564.80	1,180.50
Other bank balances (Refer Note 10.1)	-	-	-	-	4,079.73	2,129.50	666.18	731.25
Other financial assets (Refer Note 6C)	2,170.07	1,760.60	2,050.42	13,970.38	32,731.17	20,256.40	18,848.72	13,481.34
Total financial assets carried at amortised cost	**3,439.79**	**3,004.92**	**3,240.76**	**15,248.59**	**3,76,694.53**	**3,78,046.50**	**3,72,346.27**	**4,19,958.12**

7. Other assets

(INR in lakhs)

	Non current				**Current**			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Unsecured, considered good, except where otherwise stated								
Capital advances-								
- from related parties (Refer Note 34 & Note 50)	3,209.13	3,209.13	3,909.13	700.00	-	-	-	-
- from others *	949.26	1,161.28	1,774.42	848.27	-	-	-	-
Advances (other than capital advances)								
Related Parties, considered good (Refer Note 34)	-	-	-	-	1.34	6.24	26.17	0.83
Others, considered good (Refer Note 45)	3,667.58	3,667.58	3,824.66	3,959.27	2,609.59	1,610.47	1,449.64	1,276.66
Others, credit impaired (Refer Note 52)	1,668.20	1,668.20	1,668.20	1,670.70	56.10	56.10	55.78	-
	5,335.78	**5,335.78**	**5,492.86**	**5,629.97**	**2,667.03**	**1,672.81**	**1,531.59**	**1,277.49**
Less: other advances, credit impaired	(1,668.20)	(1,668.20)	(1,668.20)	(1,670.70)	(56.10)	(56.10)	(55.78)	-
	3,667.58	**3,667.58**	**3,824.66**	**3,959.27**	**2,610.93**	**1,616.71**	**1,475.81**	**1,277.49**
Balances with statutory authorities								
- considered good	-	-	17.72	30.83	13,811.33	5,584.31	1,271.29	1,077.50
- considered doubtful	-	-	-	-	161.30	161.30	-	-
Refund receivable Goods and Service Tax**	-	-	-	-	8,352.50	21,942.67	-	-
	-	**-**	**17.72**	**30.83**	**22,325.13**	**27,688.28**	**1,271.29**	**1,077.50**
Less: considered doubtful	-	-	-	-	(161.30)	(161.30)	-	-
	-	**-**	**17.72**	**30.83**	**22,163.83**	**27,526.98**	**1,271.29**	**1,077.50**
Advance to employees	-	-	-	-	216.16	6.90	36.46	28.36
Prepaid expenses	-	-	133.45	0.75	2,481.98	2,544.73	1,748.46	1,871.69
Gratuity plan assets (Refer Note 32)	-	-	-	-	264.44	57.05	23.99	41.73
	-	**-**	**133.45**	**0.75**	**2,962.58**	**2,608.68**	**1,808.91**	**1,941.78**
Total other assets	**7,825.97**	**8,037.99**	**9,659.38**	**5,539.12**	**27,737.34**	**31,752.37**	**4,556.01**	**4,296.77**

Assets pledged as security for borrwoings: Refer Note 12 for information on other assets pledged as security against borrowing.

* The Parent Company had given an advance of INR 4,029.44 lakhs in June 2010 to Karnataka Industrial Area Development Board (KIADB) for allotment of land for setting up of 1.20 Million TPA urea plant in Belgaum district. KIADB failed to acquire the land and after continuous discussion with KIADB for two years, the Parent Company had come out of the project. KIADB had refunded INR 3,425.02 lakhs & retained INR 604.42 lakhs which was to be adjusted in case the Parent Company seek some other land in Karnataka. Based on the details of land subsequently provided by the KIADB, the Parent Company has requested to allot 12 acres land at Belapu industrial estate and adjust the retained amount by KIADB to the cost of the new land. However, KIADB has not yet agreed for the adjustment. Management is in continuous discussion with KIADB and hopeful to get adjusted the above amount or refund.

** Vide notification number 26/ 2018 dated 13 June 2018, the department has amended definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from 1 July 2017 to include ITC availed only on inputs which excludes input services. The Group has claimed GST refund with respect to input services effective 1 July 2017 till 17 April 2018 which aggregates to INR 3,084.82 lakhs (net of amount eligible for recovery as subsidy). The Group has also recognised GST input tax credit of INR 2,047.29 lakhs on input services for the period ended 30 September 2018.

Management, based on an opinion obtained by the group and also relying on similar fact pattern in an order dated 18 September 2018 of the High Court of Gujarat in respect of an another application of another company on this matter wherein ad-interim relief was granted, is of the view that to the extent the aforesaid Notification denies grant of refund of unutilized tax credit in respect of tax paid on input services is ultra vires to the Central Goods and Services Tax Act, 2017 and has also filed a writ petition in the High Court of Bombay at Goa and is confident of getting the refund claims.
The aforesaid input tax credit recognized by the Group would also be available for utilization against output tax liability arising in future as the input tax credit has indefinite life and the same can be utilized by the group in the future. Accordingly, the management is confident of refund / utilization of tax credit in respect of tax paid on input services and that no liability including interest, if any, would arise from the same.

8. Inventories (valued at lower of cost and net relisable value)

(INR in lakhs)

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Raw materials [includes material in transit INR 7,833.97 lakhs (31 March 2018: INR 11,906.40 lakhs; 31 March 2017: INR 16,274.12 lakhs; 31 March 2016: INR 12,201.83 lakhs)]	34,565.23	31,455.11	30,537.83	29,888.31
Work-in-progress	3,116.01	4,058.92	3,085.72	3,132.61
Finished goods	35,067.61	24,470.45	10,544.49	7,892.19
Traded goods [includes material in transit INR 4,632.89 lakhs and material lying with others INR 736.29 lakhs (31 March 2018: includes material in transit INR 9,355.96 lakhs and material lying with others INR 632.77 lakhs; 31 March 2017: includes material in transit INR Nil lakhs and material lying with others INR 1,274.95 lakhs; 31 March 2016: includes material in transit INR 3,644.26 lakhs and material lying with others INR 166.84 lakhs)]	39,868.05	36,540.46	17,084.55	21,660.57
Stores and spares [includes material in transit INR Nil (31 March 2018: INR 197.20 lakhs; 31 March 2017: INR 156.28 lakhs; 31 March 2016: INR 2,420.64 lakhs)]	7,701.44	8,589.30	9,463.24	10,202.45
Total	**1,20,318.34**	**1,05,114.24**	**70,715.83**	**72,776.13**

During the period ended 30 Sept 2018: INR 31.67 lakhs (31 March 2018: INR 968.90 lakhs; 31 March 2017: INR 574.12 Lakhs; 31 March 2016: INR 32.13 lakhs) was recognised as an expense for inventories carried at net realisable value.

Assets pledged as security for borrwoings: Refer Note 12 for information on inventories pledged as security against borrowing.

9. Trade receivables (at amortized cost) *

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Trade receivables - related parties (Refer Note 34)	1,166.96	1,005.33	795.19	796.15
Trade receivables - others (Refer Note 41 & Note 43)	3,30,053.37	3,38,985.13	3,43,101.75	4,01,522.88
Total Trade Receivables	**3,31,220.33**	**3,39,990.46**	**3,43,896.94**	**4,02,319.03**

* Refer Note 49

Break-up for security details: **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
From Related Parties (Refer Note 34)				
Secured, considered good	0.50	0.50	0.50	0.50
Unsecured, considered good	1,166.46	1,004.83	794.68	795.65
From Others				
Secured, considered good	9,266.02	7,026.24	7,695.53	7,692.51
Unsecured, considered good [including subsidy receivable from government of INR 2,22,933.50 lakhs (31 March 2018: INR 2,51,196.11 lakhs; 31 March 2017: INR 2,18,988.51 lakhs; 31 March 2016: INR 2,74,575.84 lakhs)]	3,20,787.34	3,31,958.89	3,35,406.23	3,93,830.37
Unsecured, credit impaired	1,336.33	1,336.33	504.39	482.22
Total	**3,32,556.65**	**3,41,326.79**	**3,44,401.33**	**4,02,801.25**
Less : trade receivables, credit impaired	(1,336.33)	(1,336.33)	(504.39)	(482.22)
Total	**3,31,220.32**	**3,39,990.46**	**3,43,896.94**	**4,02,319.03**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables from dealers are non-interest bearing during the normal credit periods and are generally on terms of 15 to 120 days.

Assets pledged as security for borrwoings: Refer Note 12 for information on trade receivables pledged as security against borrowing.

For terms and conditions relating to related party receivables, refer Note 34.

10. Cash and cash equivalents

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Balances with banks				
- on current accounts	6,101.74	6,200.49	6,548.03	1,062.70
- on cash credit accounts	27.61	3.74	-	2.85
- Deposits with original maturity of less than 3 months	1,300.00	8,600.00	-	-
Cash on hand	3.19	3.18	3.06	8.47
Cheque on hand	0.29	13.96	13.71	106.48
Total	**7,432.83**	**14,821.37**	**6,564.80**	**1,180.50**

10.1. Other bank balances

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Other bank balances :				
- On unpaid dividend accounts (repatriation restricted)*	1,458.07	272.98	398.15	430.25
Balances with banks-current account- escrow account	0.01	0.01	0.45	-
Deposits with original maturity for more than 3 months but less than 12 months	378.51	378.51	2.58	-
Margin money deposits**	2,243.14	1,478.00	265.00	301.00
Total	**4,079.73**	**2,129.50**	**666.18**	**731.25**

*The Group can utilise these balances only towards settlement of the respective unpaid divided.

** Margin money deposits are provided as margin for letter of credits and as interest service coverage reserve for long term borrowings. The same are restricted for use till settlement of corresponding liability.

11. Share capital

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Authorised share capital**				
12,25,00,000 (31 March 2018: 12,25,00,000; 31 March 2017: 12,25,00,000; 31 March 2016: 12,25,00,000) equity shares of INR 10/- each	12,250.00	12,250.00	12,250.00	12,250.00
3,45,00,000 (31 March 2018: 3,45,00,000; 31 March 2017: 3,45,00,000; 31 March 2016: 3,45,00,000) preference shares of INR 10/- each	3,450.00	3,450.00	3,450.00	3,450.00
	15,700.00	**15,700.00**	**15,700.00**	**15,700.00**
Issued, subscribed and paid up share capital*				
4,20,58,006 (31 March 2018: 4,20,58,006; 31 March 2017: 4,20,58,006; 31 March 2016: 4,20,58,006) equity shares of INR 10/- each fully paid	**4,205.80**	**4,205.80**	**4,205.80**	**4,205.80**

a. Reconciliation of shares outstanding at the beginning and end of the reporting period

Equity Shares	30 September 2018		31 March 2018		31 March 2017		31 March 2016	
	In Numbers	INR in lakhs	In Numbers	INR in lakhs	In Numbers	INR in lakhs	In Numbers	INR in lakhs
At the beginning of the period	4,20,58,006	4,205.80	4,20,58,006	4,205.80	4,20,58,006	4,205.80	4,20,58,006	4,205.80
Issued during the period	-	-	-	-	-	-	-	-
Outstanding at the end of the period	**4,20,58,006**	**4,205.80**	**4,20,58,006**	**4,205.80**	**4,20,58,006**	**4,205.80**	**4,20,58,006**	**4,205.80**

b. Terms/ rights attached to equity shares

The Parent Company has only one class of equity shares having a par value of INR 10 per share. Each share holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% of equity shares in the Parent Company

Name of Shareholder	30 September 2018		31 March 2018		31 March 2017		31 March 2016	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Zuari Global Limited	84,11,601	20.00	84,11,601	20.00	84,11,601	20.00	84,11,601	20.00
SIL Investments Limited	7,87,500	1.87	8,72,000	2.07	31,43,000	7.47	32,08,000	7.63
Texmaco Infrastructure & Holdings Limited	30,00,125	7.13	30,00,125	7.13	30,00,125	7.13	30,00,125	7.13
Globalware Trading and Holdings Limited	74,91,750	17.81	74,91,750	17.81	74,91,750	17.81	70,12,000	16.67
Zuari Management Services Limited	50,78,909	12.08	50,78,909	12.08	50,78,909	12.08	50,78,909	12.08

As per records of the Parent Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

d. Shares issued for consideration other than cash, during the

Equity shares	31 March 2013	
	in Numbers	INR in lakhs
Equity shares allotted as fully paid-up pursuant to the Scheme of Arrangement and Demerger for consideration other than cash	2,94,40,604	2,944.06

* Pursuant to the Scheme of Arrangement and Demerger (“ the Scheme”) between Zuari Agro Chemicals Limited and Zuari Global Limited, Zuari Agro Chemicals Limited had issued 29,440,604 equity shares of INR 10/- each aggregating to INR 2,944.06 lakhs to the existing shareholders of Zuari Global Limited in the ratio of 1 fully paid up Equity share of INR 10/- each of Zuari Agro Chemicals Limited during the financial year ending 31 March 2013. Out of the above shares issued pursuant to the Scheme, 8,051 (31 March 2018: 8,051; 31 March 2017: 8,051; 31 March 2016: 8,051) Equity Shares entitlements have been kept in abeyance pursuant to Section 206A of the Companies Act, 1956 in accordance with instructions from the Special Court (Trial of Offences relating to Transactions in Securities) Act, 1992 and in respect of shareholders who could not exercise their rights in view of disputes, mistakes, discrepancy in holdings, etc.

** Refer Note 54 for increase in authorised share capital

11A. Other equity (INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Business Restructuring Reserve				
Opening balance	65,404.84	65,404.84	65,404.84	65,404.84
Add: Received during the year	-	-	-	-
Closing balance	**65,404.84**	**65,404.84**	**65,404.84**	**65,404.84**
Capital reserves				
Opening balance	57,667.51	57,667.51	57,667.51	35,300.78
Add: Bargain purchase on acquisition of subsidiary	-	-	-	22,366.73
Closing balance	**57,667.51**	**57,667.51**	**57,667.51**	**57,667.51**
General Reserve				
Opening balance	6,150.00	6,150.00	6,150.00	6,150.00
Add: Received during the year	-	-	-	-
Closing balance	**6,150.00**	**6,150.00**	**6,150.00**	**6,150.00**
Surplus/ (deficit) in the statement of profit and loss				
Opening balance	14,319.18	1,113.79	(3,260.79)	7,828.54
Profit/Loss for the period	1,277.95	13,696.28	4,237.08	(10,181.74)
Other comprehensive income	92.10	135.94	137.50	249.58
Less: Appropriations				
Cash dividend	-	(420.58)	-	(841.17)
Dividend distribution tax (DDT)	(114.43)	(206.25)	-	(316.00)
Net surplus in the statement of profit and loss	**15,574.80**	**14,319.18**	**1,113.79**	**(3,260.79)**
Foreign currency translation reserve				
Opening balance	419.32	355.47	631.43	-
Add/Less: Movement during the year	1,382.31	63.85	(275.96)	631.43
Closing balance	**1,801.63**	**419.32**	**355.47**	**631.43**
FVTOCI financial instruments				
Opening balance	(81.13)	1,451.68	103.79	4,068.71
Add/Less: Movement during the year	(1,892.81)	(1,532.81)	1,347.89	(3,964.92)
Closing Balance	**(1,973.94)**	**(81.13)**	**1,451.68**	**103.79**
Total reserves and surplus	**1,44,624.84**	**1,43,879.72**	**1,32,143.29**	**1,26,696.78**

Nature and purpose of reserves

Business Restructuring Reserve

In the Finance Year 2012-13, Pursuant to the Scheme of Arrangement and Demerger (“The Scheme”) between Zuari Industries Limited (now known as Zuari Global Limited) and Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited) approved by the Hon’ble High Court of Bombay at Goa, on 2 March 2012, all the assets and liabilities pertaining to Fertiliser Undertaking as on 1 July 2011 of Zuari Industries Limited (now known Zuari Global Limited) had been transferred to the Parent Company at their book values and accordingly the surplus of assets over the liabilities of the Fertiliser undertaking so demerged, resulted in creation of Business Restructuring Reserve of INR 65,404.84 lakhs in terms of the Order of the Hon’ble High Court of Bombay at Goa. The said reserve be treated as free reserve and be restricted and not utilized for declaration of dividend by the Parent Company. The said order had been filed with the Registrar of Company on 21 March 2012.

Capital Reserve

Capital reserve includes Rs. 35,300.78 lakhs as excess of parent company's share in joint venture entity viz. Zuari Maroc Phosphates Private Limited over its investment on date of transition to Ind AS.
Also includes Rs. 22,366.73 lakhs as bargain purchase on acquisition of subsidiary.

General Reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Surplus / (Deficit) in the statement of profit and loss

Surplus / (Deficit) in the statement of profit and loss represents the profits / (losses) generated by the Group that are not distributed to the shareholder and are re-invested in the Group.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investments are disposed-off.

FVTOCI financial instruments

The Group has elected to recognise changes in the fair value of certain investments in financial instruments in other comprehensive income. These changes are accumulated within the FVOCI financial instruments within equity. The Group transfers amounts from this reserve to retained earnings when the relevant financial instruments are derecognised.

11B. Components of other comprehensive income (OCI) :

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the period ended 30 September 2018 **(INR in lakhs)**

	Foreign Currency Translation Reserve	FVTOCI financial instruments	Surplus / (deficit) in the statement of profit and loss	Non Controlling Interest
Re-measurement gains on defined benefit plans	-	-	293.56	-
Income tax effect	-	-	(102.59)	-
Net (loss) on FVTOCI financial instruments	-	(1,892.81)	-	-
Share of OCI of joint ventures (net of tax)	-	-	-	-
Exchange differences on translation of foreign operations	1,382.31	-	(98.87)	7.48
	1,382.31	**(1,892.81)**	**92.10**	**7.48**

During the year ended 31 March 2018 **(INR in lakhs)**

	Foreign Currency Translation Reserve	FVTOCI financial instruments	Surplus / (deficit) in the statement of profit and loss	Non Controlling Interest
Re-measurement gains on defined benefit plans	-	-	39.40	-
Income tax effect	-	-	(13.77)	-
Net (loss) on FVTOCI financial instruments	-	(1,373.14)	-	-
Share of OCI of joint ventures (net of tax)	-	(159.67)	-	-
Exchange differences on translation of foreign operations	63.85	-	110.30	(7.50)
	63.85	**(1,532.81)**	**135.93**	**(7.50)**

During the year ended 31 March 2017 **(INR in lakhs)**

	Foreign Currency Translation Reserve	FVTOCI financial instruments	Surplus / (deficit) in the statement of profit and loss	Non Controlling Interest
Re-measurement gains on defined benefit plans	-	-	163.23	-
Income tax effect	-	-	(56.49)	-
Net (loss) on FVTOCI financial instruments	-	1,292.02	-	-
Share of OCI of joint ventures (net of tax)	-	55.87	-	-
Exchange differences on translation of foreign operations	(275.96)	-	30.76	5.00
	(275.96)	**1,347.89**	**137.50**	**5.00**

During the year ended 31 March 2016 **(INR in lakhs)**

	Foreign Currency Translation Reserve	FVTOCI financial instruments	Surplus / (deficit) in the statement of profit and loss	Non Controlling Interest
Re-measurement (loss) on defined benefit plans	-	-	(1.96)	-
Income tax effect	-	-	0.68	-
Net (loss) on FVTOCI financial instruments	-	(4,068.71)	-	-
Share of OCI of joint ventures (net of tax)	-	103.80	-	-
Exchange differences on translation of foreign operations	631.43	-	250.87	(74.05)
	631.43	**(3,964.91)**	**249.59**	**(74.05)**

12A. Borrowings

(INR in lakhs)

Non current borrowings (at amortised cost)	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Term loans				
From banks				
Secured				
Indian rupee loans (Refer Note 1 below)	63,637.57	32,583.70	36,417.32	33,213.63
Foreign currency loans (Refer Note 2 below)	2,752.90	9,958.29	2,383.06	-
Vehicle loans (Refer Note 3 below)	549.31	537.07	61.05	-
Unsecured				
Indian rupee loans	-	-	1,104.66	5,297.00
Foreign currency loans	5,227.11	5,696.33	6,012.56	7,272.45
From financial Institutions				
Secured				
Indian rupee term loans (Refer Note 4 below)	18,460.81	18,455.26	20,908.83	20,866.19
From others				
Finance lease obligations	-	-	-	3.66
Total	**90,627.70**	**67,230.65**	**66,887.48**	**66,652.93**
Less : Amount disclosed under "Other current financials liabilities" (Current maturities of long term borrowings) (Refer Note 14)	(14,927.55)	(15,201.46)	(17,586.47)	(13,015.97)
Total	**75,700.15**	**52,029.19**	**49,301.01**	**53,636.96**

1 (a) Indian Rupee term loan from a Bank of INR 8,963.02 lakhs (including current maturities of INR 5,468.97 lakhs) (31 March 2018: INR 11,439.28 lakhs including current maturities INR 5,000.00 lakhs; 31 March 2017: INR 14,881.12 lakhs including current maturities INR 3,500.00 lakhs; 31 March 2016: INR 15,818.94 lakhs including current maturities INR 1,000.00 lakhs) carries interest rate of 10.90% (31 March 2018: 10.65%; 31 March 2017: 10.85%; 31 March 2016: 10.90%) p.a. The loan is repayable in 14 quarterly instalments starting from December 2016 with the last instalment due on March 2020. The loan is secured by first pari pasu charge by way of mortgage on immoveable assets located at Goa Fertilizer Plant and first pari pasu charge by way of hypothecation on moveable fixed assets located at Goa Fertilizer Plant.

1 (b) Indian Rupee term loan from a Bank of INR 1,124.04 lakhs (including current maturities of INR 1,124.04 lakhs) (31 March 2018: 3,368.29 lakhs (including current maturities of INR 3,368.29 lakhs; 31 March 2017: 7,842.57 lakhs including current maturities INR 4,500.00 lakhs; 31 March 2016: INR 8,931.78 lakhs including current maturities INR 1,125.00 lakhs) carries interest rate of 10.90% (31 March 2018: 10.90%; 31 March 2017: 10.90%; 31 March 2016: 10.90%) p.a. The loan is repayable in 8 equal quarterly instalments starting from March 2017 with the last instalment due on December 2018. The loan is secured by exclusive charge by way of mortgage over the immovable property owned by the Parent Company and located within the State of Goa and having cover value of not less than 1.5 times.

1 (c) Indian Rupee term loan from a Bank of INR 7,780.11 lakhs (sanctioned amount INR 10,000.00 lakhs) (including current maturities INR 2,968.75 lakhs) (31 March 2018 INR 8,862.51 lakhs including current maturities: INR 2,499.00 lakhs; 31 March 2017: INR 7,453.13 lakhs including current maturities: INR 820.00 lakhs; 31 March 2016: INR Nil including current maturities: INR Nil) carries interest rate of 9.60 % (31 March 2018: 9.60%; 31 March 2017: 10.60%; 31 March 2016: Nil) p.a. The loan is repayable in 14 quarterly instalments starting from September 2017 with the last instalment due on December 2020. The loan is secured by first pari pasu charge by way of mortgage on immoveable assets of Goa Fertilizer Plant (Fixed Asset Coverage Ratio 1.5x) and first pari pasu charge by way of hypothecation on moveable fixed assets of Goa Fertilizer Plant (Fixed Asset Coverage Ratio 1.5 times).

1 (d) Indian Rupee term loan of INR 889.41 lakhs from Bank (including current maturities of INR 500.00 lakhs) (31 March 2018: INR 1,264.40 lakhs (including current maturities of INR 500.00 lakhs; 31 March 2017: INR 1,655.37 lakhs including current maturities INR 500.00 lakhs; 31 March 2016: INR 2,153.71 lakhs including current maturities INR 500.00 lakhs), secured by exclusive charge by way of mortgage of plot situated at Plot No. K/25 & K/26, Add/ MIDC Mahad, Raigad District, Maharashtra and proposed construction thereon and exclusive charge by way of hypothecation of Plant & Machinery and other moveable assets (Existing and proposed). The loan carries interest rate of 11.40% (31 March 2018: 11.40%; 31 March 2017: 12.00%; 31 March 2016: 12.00%) p.a. and repayable in 24 quarterly instalments commencing from December 2014 with the last instalment due on December 2020.

1 (e) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 1,505.55 lakhs including current maturities of INR 1,281.63 lakhs (31 March 2018: INR 2,143.46 lakhs including current maturities of INR 1,280.23 lakhs; 31 March 2017: INR 3,415.72 lakhs including current maturities of INR 1,277.61 lakhs; 31 March 2016: INR 4,683.76 lakhs including current maturities of INR 1,284.00 lakhs) secured by first charge on fixed assets funded through the term loan and first pari-pasu charge on all fixed assets including all immovable and movable properties, both present and future (other than fixed assets exclusively charged to other lenders), with other participating working capital lenders. The loan is repayable in 84 equal monthly instalments commencing on 8 December 2012. The loan carries interest of 12.80% to 13.75% per annum.

1 (f) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 282.98 lakhs including current maturities of INR 282.98 lakhs (31 March 2018: INR 580.12 lakhs including current maturities of INR 580.12 lakhs; 31 March 2017: INR 1,169.41 lakhs including current maturities of INR 594.15 lakhs; 31 March 2016: INR 1,625.43 lakhs including current maturities of INR 472.00 lakhs) is secured by exclusive first charge on the fixed assets of the project (financed by the term loan) and pari-passu first charge on the entire fixed assets of the subsidiary company barring fixed assets financed by term loans from State Bank of India and ING N.V. (Netherland) and fixed assets exclusively charged to other lenders, repayable in 52 monthly instalments commencing on December 2014. The loan carries interest of 11.50% to 11.75% per annum.

1 (g) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 4,933.50 lakhs including current maturities of INR 247.38 lakhs (31 March 2018: INR 4,925.64 lakhs including current maturities of INR Nil lakhs; 31 March 2017: INR Nil; 31 March 2016: INR Nil) secured by first pari-pasu charge on all movable and immovable fixed assets, both present and future (other than fixed assets exclusively charged to other lenders) and second pari-passu charge on all current assets, both present and future. The loan is repayable in 20 quarterly instalment starting from the end of moratorium period which is 15 months from the date of first disbursement. The loan carries interest at 10.35% to 10.40% p.a.

1 (h) In case of a subsidiary, Indian Rupee term loan from a Bank of INR Nil (31 March 2018: INR Nil; 31 March 2017: INR 1,104.66 lakhs including current maturities of INR 1,104.66 lakhs; 31 March 2016 : INR 5,300.66 lakhs including current maturities INR 3,391.95 lakhs) was secured by pledge of shares by its shareholders. The loan was repayable as per repayment schedule from October 2012 to July 2017. The loan carried interest of 10.50% per annum and has been fully repaid during the year.

1 (i) Indian Rupee term loan from a Bank of INR 5,574.80 lakhs (including current maturities of Nil) (31 March 2018: Nil including current maturities of Nil; 31 March 2017: Nil including current maturities of INR Nil; 31 March 2016: Nil including current maturities of Nil) carries interest rate of 10.28 % p.a. The loan is repayable in 15 equal quarterly instalments starting from November 2019 with the last instalment due on May 2023. The loan is secured by exclusive charge by way of first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari pasu with the other loan lenders and any other security available to the other working capital term loan lenders.

1 (j) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 7,440.07 lakhs (31 March 2018: INR Nil; 31 March 2017: INR Nil; 31 March 2016 : INR Nil) is secured by first pari-pasu charge on all movable and immovable fixed assets (along with working capital lenders) of the subsidiary, other than fixed assets exclusively charged to other lenders. The loan is repayable in 20 equal quarterly instalments starting from the end of moratorium period which is 2 years from the date of disbursement. The loan carries interest of 11.15% per annum.

1 (k) In case of a subsidiary, Indian Rupee term loan from a Bank of INR 2,927.91 lakhs (31 March 2018: INR Nil; 31 March 2017: INR Nil; 31 March 2016 : INR Nil) is secured by first pari passu charge over all movable and immovable fixed assets including plant and machinery (excluding assets exclusively charged to other banks) and first pari passu with any other security provided to other lenders including working capital lenders. The loan carries interest of 9.96% p.a. The loan is repayable in 15 equal quarterly instalments starting from the end of moratorium period which is 18 months from the date of disbursement.

1 (l) Indian Rupee term loan from a Bank of INR 2,389.00 lakhs (including current maturities of INR Nil) (31 March 2018: INR Nil including current maturities INR Nil; 31 March 2017: Nil including current maturities of INR Nil; 31 March 2016: Nil including current maturities of Nil) carries interest rate of 9.95 % p.a. The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by exclusive charge by way of first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari pasu with the other loan lenders and any other security available to the other working capital term loan lenders.

1 (m) Indian Rupee term loan from a Bank of INR 1,094.89 lakhs (including current maturities of INR Nil) (31 March 2018: INR Nil including current maturities INR Nil; 31 March 2017: Nil including current maturities of INR Nil; 31 March 2016: Nil including current maturities of Nil) carries interest rate of 9.95 % p.a. The loan is repayable in 15 equal quarterly instalments starting from December 2019 with the last instalment due on June 2023. The loan is secured by exclusive charge by way of first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari pasu with the other loan lenders and any other security available to the other working capital term loan lenders.

1(n) Indian rupee term loan from a Bank of INR 3,881.80 lakhs (including current maturities of Nil) (31 March 2018: Nil including current maturities of Nil; 31 March 2017: Nil including current maturities of INR Nil; 31 March 2016: Nil including current maturities of Nil) carries interest rate of 9.95% p.a. The loan is repayable in 15 equal quarterly instalments starting from January 2020 with the last instalment due on June 2023. The loan is secured by exclusive charge by way of first charge on the immovable properties situated at Goa over survey number 111/1, 128/7, 132/7, 133/1, 149/1, 162/1, 164/1, 167/1 and 168/1 ranking pari pasu with the other loan lenders and any other security available to the other working capital term loan lenders.

1(o) Indian rupee term loan from a Bank of INR 14,850.49 lakhs (including current maturities of Nil) (31 March 2018: Nil including current maturities of Nil; 31 March 2017: Nil including current maturities of INR Nil; 31 March 2016: Nil including current maturities of Nil) carries interest rate of 10.70 % p.a. The loan is repayable in 16 equal quarterly instalments starting from December 2019 with the last instalment due on September 2023. The loan is secured by exclusive charge over land (including structures) with minimum cover of 1.5 times, facility ISRA (Interest Service Reserve Account) equivalent to 1 quarter of interest to be created out of the facility as undisbursed Facility amount and demand promissory note.

2 (a) In case of a subsidiary, foreign currency loan from a Bank of INR 2,752.90 lakhs (including current maturities of INR 407.44 lakhs) (31 March 2018: INR 9,958.29 lakhs including current maturities of INR 499.06 lakhs; 31 March 2017: INR 2,383.06 lakhs including current maturity of INR Nil; 31 March, 2016: INR Nil) secured by first pari-pasu charge on all movable and immovable fixed assets (along with working capital lenders), other than fixed assets exclusively charged to term lenders. The loan is repayable in 20 equal quarterly instalment starting from the end of moratorium period which is 2 years from the date of disbursement. The loan carries interest of 10.90% to 11.15% per annum.

2 (b) In case of a subsidiary, foreign currency loan from a Bank of INR 3,744.80 lakhs (including current maturities of INR 1,073.67 lakhs) (31 March 2018: INR 4,113.62 lakhs including current maturities of INR 1,031.63 lakhs; 31 March 2017: INR 4,391.36 lakhs including current maturities of INR 880.65 lakhs; 31 March 2016: INR 5,731.20 lakhs including current maturities of INR 1,087.69 lakhs) secured by guarantee issued by Finnvera, the state owned export credit agency of Finland. The loan is repayable in 14 equal instalments on April and October of each year. The loan carries interest of 11.24% per annum.

2 (c) In case of a subsidiary, foreign currency loan from a Bank of INR 1,482.31 lakhs including current maturities of INR 330.06 lakhs (31 March 2018: INR 1,582.71 lakhs including current maturities of INR 302.72 lakhs; 31 March 2017: INR 1,621.20 lakhs including current maturities of INR 270.84 lakhs; 31 March 2016: INR 1,541.25 lakhs including current maturities of INR 217.83 lakhs) secured by guarantee issued by Eksport Kredit Fonden plc (EKF), the state owned export credit agency of Denmark. The loan is repayable in 14 equal instalments on August and February of each year. The loan carries interest of 11.80% per annum.

3 (a) Vehicle loans from Bank of INR 359.88 lakhs (including current maturities INR 119.23 lakhs) (31 March 2018: INR 434.07 lakhs including current maturities INR 114.14 lakhs; 31 March 2017: INR 61.05 lakhs including current maturities: INR 13.56 lakhs; 31 March 2016: INR Nil (including current maturities: INR Nil) carry interest rate ranging from 8.38%-10.65% (31 March 2018: 8.26% - 11.01%; 31 March 2017: 9.18% - 10.65%; 31 March 2016: Nil) p.a. The loans are repayable in 48 equal monthly instalments starting from February 2017 with the last instalment due on March 2022. The loans are secured by way of hypothecation of respective motor vehicles of the Parent Company.

3 (b) In case of a subsidiary, vehicle loans from Bank of INR 122.02 lakhs (including current maturities INR 34.33 lakhs) (31 March 2018: INR 103.00 lakhs including current maturities of INR 26.27 lakhs; 31 March, 2017: INR Nil including current maturities: INR Nil; 31 March, 2016: INR 3.66 lakhs including current maturities of INR 3.66 lakhs) carry interest rate of 8.36% p.a. The loans are repayable in 30 to 48 monthly instalments. The loans are secured by way of first pari-pasu charge on the fixed assets financed by the said term loan of the subsidiary company.

3 (c) In case of a subsidiary, vehicle loan from Bank of INR 67.41 lakhs (including current maturities INR 20.83 lakhs) (31 March 2018: INR Nil including current maturities: INR Nil; 31 March 2017: INR Nil including current maturities: INR Nil; 31 March 2016: INR Nil including current maturities: INR Nil) carry interest rate of 6.50% p.a. The loan is repayable in 48 monthly instalments. The loan is secured by way of first pari-pasu charge on the fixed assets financed by the said term loan of the subsidiary company.

4 (a) Indian Rupee term loan of INR 18,460.81 lakhs from financial institution (including current maturities of INR Nil) (31 March 2018: INR 18,455.26 lakhs including current maturities of INR Nil, 31 March 2017: Nil including current maturities: Nil; 31 March 2016: Nil including current maturities: Nil) carries interest rate of 10.95 % (31 March 2018: 10.35%) p.a. The loan is repayable in 12 equal quarterly instalments starting from February 2020 with the last instalment due on November 2022. The loan is secured by first pari pasu charge by way of equitable mortgage of specific immovable assets of the Company with a minimum fixed asset cover of 1.25 times (unencumbered Land parcel at Goa), pledge of shares of Mangalore Chemicals and Fertilizers Limited ("MCFL") with a minimum share security cover of 1.00 time.

4 (b) Indian Rupee term loans of Nil (including current maturities of Nil) (31 March 2018: Nil including current maturities of Nil; 31 March 2017: INR 20,908.83 lakhs including current maturities of INR 4,125.00 lakhs; 31 March 2016: INR 20,866.19 lakhs including current maturities of INR 3,937.50 lakhs) from financial institutions were secured by equitable mortgage of specific unencumbered land parcel (at Zuari Nagar in Goa) owned by the Parent Company, further secured by way of pledge of shares of a subsidiary company, Mangalore Chemicals and Fertilisers Limited (MCFL). These loans were repayable in 16 quarterly instalments after a moratorium period of one year from the date of first disbursement and carried interest of 12.50% (31 March 2018: 12.50%; 31 March 2017: 12.50%; 31 March 2016: 12.50%) p.a.(effective interest rate 12.75% p.a.).

12B. Borrowings

(INR in lakhs)

Current borrowings	**Current**			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Secured				
From banks				
Cash credit (including working capital demand loans)				
(The rate of interest on cash credit varies between banks ranging from 9.60% - 13.45% (31 March 2018: 9.50% - 13.45%; 31 March 2017: 10.45% - 14.65%; 31 March 2016: 9.30% - 14.85%) and are repayable on demand. The rate of interest on working capital demand loans varies between 5.72% - 10.25% (31 March 2018: 8.85% - 9.50%; 31 March 2017: 9.05% - 10.00%; 31 March 2016: 9.30% - 14.85%) and are repayable over a period of 60 to 90 days) includes foreign borrowings of USD 2.91 Million (31 March 2018: USD Nil; 31 March 2017: USD Nil; 31 March 2016: USD Nil)	82,066.66	75,054.01	44,399.93	1,03,700.48
Buyers/ suppliers credit				
(The rate of Interest on buyers/ suppliers credit varies between 1.82% - 5.08% (31 March 2018: 1.83% - 3.10%; 31 March 2017: 0.77% - 1.89%; 31 March 2016: 0.78% - 1.84%) and are repayable over a period of 30 - 180 days) (USD 139.39 Million (31 March 2018 : USD 210.38 Million and GBP 0.15 Million; 31 March 2017: USD 250.68 Million and GBP 0.56 Million; 31 March 2016: USD 359.40 Million)	1,01,022.61	1,37,257.11	1,63,017.63	2,38,237.56
Short term loans				
(i) Nil (31 March 2018: Nil; 31 March 2017: Nil; 31 March 2016: 10.00%) bridge loan to be secured against subsidy receivable to the extent of Loan availed, repayable at the end of 60th day from the date of availment	-	-	-	30,000.00
(ii) (7.80% - 8.00% (including 6.25% - 6.84% paid directly by Government of India to the bank) secured against subsidy receivable of equal amount from Government of India, Ministry of Chemicals and Fertilizer under Special Banking Arrangement)	-	40,704.68	58,404.64	-
Bills discounted	83,574.80	65,799.58	21,250.03	-
(Local bills discounted with banks repayable over a period of 180 days at the rate varies between 7.05% - 9.40% against Letter of Credit issued by another bank having securities as disclosed below)				
From financial institutions				
Working capital demand loan	-	-	1,499.75	-
(Refer Note (f) below)				
Unsecured				
From banks				
Short term loans				
Working capital demand loans	34,700.00	52,500.00	62,500.00	65,000.00
(The rate of Interest on loans varies between 8.10 % - 10.65% and are repayable over a period of 30 to 180 days)				
Buyers credit				
(The rate of Interest on buyers credit varies between 1.14% - 2.205% and has a tenure of up to 6 months) (USD Nil (31 March 2018: USD 0.82 Million; 31 March 2017: Nil; 31 March 2016: USD 0.81 Million)	-	532.75	-	537.49
Bill discounting				
(The rate of interest varies between 7.05% - 10.75% and repayable over a period of 180 days), Refer Note (e) below	-	664.39	914.02	601.66
Others - short term loan (refer note (h) below)	738.93	982.12	1,003.81	
From others				
Inter corporate deposits	15,950.00	10,000.00	10,000.00	-
(The rate of Interest is 9.25% -13.50% and is repayable over a period of 180 to 365 days)				
Total	**3,18,053.00**	**3,83,494.64**	**3,62,989.81**	**4,38,077.19**

(a) In respect of the Parent Company, cash credit (including working capital demand loans) of INR 77,541.85 lakhs (31 March 2018: INR 66,934.06 lakhs; 31 March 2017: INR 30,914.25 lakhs; 31 March 2016: INR 49,604.51 lakhs), Buyers credit of INR 10,079.02 lakhs (31 March 2018: INR 74,084.14 lakhs; 31 March 2017: INR 1,00,619.67 lakhs; 31 March 2016: INR 1,65,959.06 lakhs), Suppliers credit of INR 52,237.01 lakhs (31 March 2018: INR Nil; 31 March 2017: INR Nil; 31 March 2016: INR Nil) and Bill discounting of INR 40,768.66 lakhs (31 March 2018: INR 27,645.31 lakhs; 31 March 2017: INR 11,762.64 lakhs; 31 March 2016: INR Nil) are secured by the first charge by way of hypothecation on the current assets (excluding assets against which specific loans have been availed), both present and future, wherever situated pertaining to the fertilizer division of the Parent Company and the Parent Company's fertilizer division's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets excluding some subsidy receivable amount exclusively charged to certain banks.

(b) In respect of the Parent Company, cash credit of INR 2,949.47 lakhs (31 March 2018: INR 4,560.56 lakhs; 31 March 2017: INR 4,828.73 lakhs; 31 March 2016: INR 3861.84 lakhs) are secured by equitable mortgage of land, hypothecation of stock in trade, book debts, plant and machinery and vehicles, both present and future of one of the divisions of the Parent Company.

(c) In respect of the Parent Company, cash credit of INR 1,100.11 lakhs (31 March 2018: 1,271.21 lakhs; 31 March 2017: INR 1,225.58 lakhs; 31 March 2016: INR 1,171.18 lakhs) from a Bank is secured by hypothecation of inventory cum book debts and all current assets of one of the divisions of the Parent Company.

(d) In respect of the Parent Company, cash credit of INR Nil from a Bank (31 March 2018: INR 1,692.14 lakhs; 31 March 2017: INR 1,695.67 lakhs; 31 March 2016: INR 1,701.31 lakhs) are secured by hypothecation of inventories and book debts of one of the divisions of the Parent Company.

(e) In respect of a subsidiary, a bill discounting facility of INR Nil (31 March 2018: INR 664.39 lakhs; 31 March 2017: INR 200.48 lakhs; 31 March 2016: INR Nil) has been availed during the year. The facility availed has a maturity of 6 months and rate of discounting 7.05% to 7.90% p.a.

(f) In respect of the Parent Company, a Working Capital demand loan of INR Nil (31 March 2018: INR Nil; 31 March 2017: INR 1,499.75 lakhs; 31 March 2016: INR Nil) was secured pari-passu basis, all present and future current assets including book debts, claims and bills outstanding receivables, stock in trade and movable assets of one of the divisions of the Parent Company. Loan carries Rate of Interest @11% p.a.

(g) In respect of a subsidiary, buyers credit facilities of INR 38,706.58 lakhs (31 March 2018 INR 63,172.97 lakhs; 31 March 2017 INR 62,397.96 lakhs; 31 March 2016: INR 72,278.50 lakhs), bill discounting of INR 42,806.14 lakhs (31 March 2018: INR 38,154.27 lakhs; 31 March 2017 INR 9,487.39 lakhs; 31 March 2016: INR Nil), cash credit (including demand loans) of INR 475.23 lakhs (31 March 2018: INR 596.04 lakhs; 31 March 2017 INR 5,735.70 lakhs; 31 March 2016: INR 47,361.64 lakhs) are secured by first pari-passu charge on all current assets (both present and future) and property, plant and equipment of the subsidiary company, excluding assets which are exclusively charged to other lenders.

(h) In respect of a subsidiary, a purchase card facility of INR 738.93 lakhs (31 March 2018: INR 982.12 lakhs; 31 March 2017 INR 1,003.81 lakhs; 31 March 2016: INR Nil) has been availed from a Bank. The facility carries interest of 9.23% to 9.35% p.a.

13. Trade payables

(INR in lakhs)

	Non current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Trade payables								
- Outstanding dues to related parties (Refer Note 34)	-	-	-	-	25,005.53	10,825.26	9,237.48	124.58
- Outstanding dues to micro and small enterprises (Refer Note 30)	-	-	-	-	758.10	254.60	218.28	232.72
- Outstanding dues to others	-	-	-	-	1,84,890.81	1,34,140.91	96,287.86	86,549.36
Total	**-**	**-**	**-**	**-**	**2,10,654.44**	**1,45,220.77**	**1,05,743.62**	**86,906.66**

14. Other financial liabilities

(INR in lakhs)

	Non Current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Financial liabilities at fair value through profit or loss								
Derivatives not designated as hedges								
Foreign exchange forward covers	208.11	461.87	1,639.10	1,179.22	212.86	296.62	7,766.23	4,804.11
Total financial liabilities at fair value through profit or loss (a)	**208.11**	**461.87**	**1,639.10**	**1,179.22**	**212.86**	**296.62**	**7,766.23**	**4,804.11**
Other financial liabilities at amortised cost								
Current maturities of long term borrowings (Refer Note 12A)	-	-	-	-	14,927.55	15,201.46	17,586.47	13,012.31
Current maturities of finance lease obligations (Refer Note 12A)	-	-	-	-	-	-	-	3.66
Trade deposits - dealers and others								
-from related parties (Refer Note 34)	-	-	-	-	0.50	0.50	0.50	0.50
-from others	-	-	-	-	12,815.49	12,203.06	11,435.89	11,102.54
Employee benefits payable	-	-	-	-	1,434.93	1,687.91	1,402.81	846.18
Payable towards capital goods								
- to related parties (Refer Note 34)	-	-	-	-	25.27	89.13	11.52	-
- to others *	-	-	-	-	965.94	1,130.01	755.91	2,092.32
Interest accrued but not due on borrowings	-	-	-	-	1,695.53	1,427.91	1,373.92	1,178.92
Other interest payable**	-	-	-	-	1,640.43	874.23	178.91	29.02
Unclaimed dividends	-	-	-	-	829.64	272.98	398.15	430.25
Payable towards voluntary retirement scheme	38.71	79.97	106.37	154.07	42.20	31.65	61.96	64.65
Other dues	-	-	-		-	514.74	940.94	939.43
Total other financial liabilities at amortised cost (b)	**38.71**	**79.97**	**106.37**	**154.07**	**34,377.48**	**33,433.58**	**34,146.98**	**29,699.78**
Total other financial liabilities (a+b)	**246.82**	**541.84**	**1,745.47**	**1,333.29**	**34,590.34**	**33,730.20**	**41,913.21**	**34,503.89**

* Including INR Nil (31 March 2018: INR 9.93 lakhs; 31 March 2017: INR 27.85 lakhs; 31 March 2016: INR 37.40 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 30).
** - Including INR 137.84 lakhs (31 March 2018: INR 133.90 lakhs; 31 March 2017: INR 90.02 lakhs; 31 March 2016: INR 29.02 lakhs) outstanding due to Micro and Small Enterprises (Refer Note 30).
- Includes INR 481.36 lakhs (31 March 2018: INR Nil; 31 March 2017: INR Nil; 31 March 2016: INR Nil) payable to related party on account of overdue interest (Refer Note 34).

Foreign exchange forward contracts

While the Group entered into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Terms and conditions of the above financial liabilities:

Trade payables are normally non-interest bearing. For maturity profile of trade payables and other financial liabilities, Refer Note 38.
For explanations on the Group's credit risk management processes, Refer Note 38.

Break up of financial liabilities carried at amortised cost

(INR in lakhs)

	Non current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Non current borrowings (Refer Note 12A)	75,700.15	52,029.19	49,301.01	53,636.96	-	-	-	-
Current borrowings (Refer Note 12B)	-	-	-	-	3,18,053.00	3,83,494.64	3,62,989.81	4,38,077.19
Trade payables (Refer Note 13)	-	-	-	-	2,10,654.44	1,45,220.77	1,05,743.62	86,906.66
Other financial liabilities (Refer Note 14)	246.82	541.84	1,745.47	1,333.29	34,590.34	33,730.20	41,913.21	34,503.89
Total financial liabilities carried at amortised cost	**75,946.97**	**52,571.03**	**51,046.48**	**54,970.25**	**5,63,297.78**	**5,62,445.61**	**5,10,646.64**	**5,59,487.74**

15. Other liabilities

(INR in lakhs)

	Non current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Statutory Liabilities	-	-	-	-	512.02	1,191.53	5,144.00	3,577.85
Advances received from customers and others	-	-	-	-	5,636.30	16,970.38	10,765.06	7,327.07
Deferred income (Refer Note 44)	93.81	102.34	119.40	136.68	17.05	17.05	17.05	16.83
Total	**93.81**	**102.34**	**119.40**	**136.68**	**6,165.37**	**18,178.96**	**15,926.11**	**10,921.75**

Deferred income (Refer Note 44) **(INR in lakhs)**

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Opening	119.39	136.45	153.51	170.56
Deferred during the period	-	-	-	-
Released to the statement of profit and loss	(8.53)	(17.05)	(17.05)	(17.05)
Closing	**110.86**	**119.39**	**136.45**	**153.51**

16. Provisions

(INR in lakhs)

	Non current				Current			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Provision for employee benefits								
Gratuity (Refer Note 32)	1,550.99	1,488.00	1,509.77	1,385.16	29.13	16.85	5.94	131.37
Provision for post retirement medical benefit (Refer Note 32)	46.30	48.94	45.31	117.16	5.84	5.84	5.23	15.72
Leave encashment (unfunded)	-	-	-	-	3,148.61	3,159.57	3,355.51	3,133.59
	1,597.29	**1,536.94**	**1,555.08**	**1,502.32**	**3,183.58**	**3,182.26**	**3,366.68**	**3,280.68**
Others provisions								
Provision for sales return*	-	-	-	-	-	95.95	105.79	-
	-	-	**-**	**-**	**-**	**95.95**	**105.79**	**-**
Total	**1,597.29**	**1,536.94**	**1,555.08**	**1,502.32**	**3,183.58**	**3,278.21**	**3,472.47**	**3,280.68**

* The Parent Company has made a provision for expected sales return out of sale of seeds made during the period towards loss on such expected sales returns. The movement of such provision is as follows:

(INR in lakhs)

Movement in provisions	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Opening	**95.95**	**105.79**	**-**	**-**
Addition	-	95.95	105.79	-
Reversal/ Utilization	95.95	105.79	-	-
Closing	**-**	**95.95**	**105.79**	**-**

17. Income Tax

The major components of income tax expense for the period ended 30 September 2018 and years ended 31 March 2018; 31 March 2017 and 31 March 2016 are:

Profit or loss section **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Current income tax:				
Current income tax charge	959.13	3,566.29	680.00	(4.64)
Adjustments in respect of current income tax of earlier years	-	-	-	-
Deferred tax:				
MAT Credit Entitlement	(829.95)	(3,566.29)	(680.00)	-
Adjustments in respect of deferred tax of earlier years	-	(1,500.10)	-	-
Relating to origination and reversal of temporary differences	(30.36)	4,448.99	1,605.46	(8,349.16)
Income tax expense/ (income) reported in the statement of profit or loss	**98.82**	**2,948.89**	**1,605.46**	**(8,353.80)**

OCI section

Deferred tax related to items recognised in OCI during the year: **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Net loss/(gain) on remeasurements of defined benefit plans	(293.56)	(39.40)	(163.23)	1.96
Deferred tax charged/(credit) to OCI	102.59	13.77	56.49	(0.68)

Reconciliation of tax expense/ (income) and the accounting profit multiplied by India's domestic tax rate for September 30, 2018, 31 March 2018, 31 March 2017 and 31 March 2016

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Accounting profit/(loss) before Income tax	2,406.99	19,509.01	7,032.34	(20,001.61)
Income tax rate	34.944%	34.608%	34.608%	34.608%
Tax at statutory income tax rate	841.10	6,751.68	2,433.75	(6,922.16)
Adjustment in respect of tax related to earlier years	-	(1,500.10)	-	-
Tax impact of Share of profit of joint ventures	(923.64)	(2,340.49)	(1,726.31)	(135.46)
Tax effect of income that are not taxable in determining taxable profit:				
Wealth Tax Reversal	-	(14.73)	-	(14.90)
Dividend Income	(0.75)	(0.75)	-	(130.83)
Deduction u/s 32AC of Income Tax Act, 1961	-	-	(116.39)	(134.31)
Deduction u/s 35AD of Income Tax Act, 1961	-	-	-	(2,700.54)
Deferred tax credit on non-depreciable assets	-	(1,160.37)	-	-
Other Adjustments	(28.56)	-	(1.32)	(0.64)
Non-deductible expenses for tax purpose:				
Interest on Micro and Small Enterprises	1.38	15.01	21.39	9.76
Charitable donations	-	-	0.35	7.30
Disallowance under Section 14A	6.70	761.26	907.68	892.50
Rectification of interest paid to shareholders of subsidiary on business acquisition	-	-	-	314.90
Others Adjustments	202.59	496.52	86.31	460.57
Impact of change in tax rate, Deferred tax calculated 31 March 2018:34.94% (31 March 2016: 34.61%)	-	(59.14)	-	-
Income tax (income)/ expense reported in the statement of profit and loss	**98.82**	**2,948.89**	**1,605.46**	**(8,353.80)**

Deferred tax: **(INR in lakhs)**

	As at 31 March 2015	Provided during the year	As at 31 March 2016	Provided during the year	As at 31 March 2017	Provided during the year	As at 31 March 2018	Provided during the period	As at 30 September 2018
Deferred tax liability:									
Property, Plant and Equipment impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	21,122.96	4,649.66	25,772.62	(479.41)	25,293.21	(1,401.30)	23,891.91	(281.75)	23,610.16
Mark to market (MTM) on forwards	-	-	-	-	-	-	-	1,740.56	1,740.56
Others	865.43	(438.35)	427.08	2,393.58	2,820.66	297.27	3,117.93	(2,990.91)	127.02
Total deferred tax liability (A)	**21,988.39**	**4,211.31**	**26,199.70**	**1,914.17**	**28,113.87**	**(1,104.03)**	**27,009.84**	**(1,532.10)**	**25,477.74**
Deferred tax assets:									
Provision for doubtful debts and advances	140.71	27.04	167.75	26.98	194.73	779.62	974.35	-	974.35
MAT credit entitlement	4,768.00	-	4,768.00	699.98	5,467.98	3,566.29	9,034.27	829.95	9,864.22
Expenses allowable in Income tax on payment basis and deposition of Statutory dues	1,476.91	145.07	1,621.98	769.47	2,391.45	(118.00)	2,273.45	515.05	2,788.50
Brought forward losses and unabsorbed depreciation	11,850.32	11,707.90	23,558.22	596.43	24,154.65	(4,849.74)	19,304.91	368.61	19,673.52
Others	3,376.76	681.14	4,057.90	(1,160.59)	2,897.31	121.44	3,018.75	(2,487.99)	530.76
Total deferred tax assets (B)	**21,612.70**	**12,561.15**	**34,173.85**	**932.27**	**35,106.12**	**(500.39)**	**34,605.73**	**(774.38)**	**33,831.35**
Deferred Tax (Asset)/Liability (A - B)	**375.69**	**(8,349.83)**	**(7,974.15)**	**981.95**	**(6,992.25)**	**(603.64)**	**(7,595.89)**	**(757.72)**	**(8,353.61)**
Disclosed in the Financial Statements									
Deferred Tax Assets			9,083.46		8,651.79		8,998.60		10,144.20
Deferred Tax Liabilities			(1,109.30)		(1,659.54)		(1,402.71)		(1,790.59)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has till date recognised INR 9,864.22 lakhs (31 March 2018: INR 9,034.27 lakhs; 31 March 2017: INR 5,467.98 lakhs; 31 March 2016: INR 4,768.00 lakhs) as Minimum Alternate Tax (MAT) credit entitlement which represents that portion of the MAT Liability, the credit of which would be available based on the provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Group to utilize the above MAT credit entitlement

The Group has till date recognised INR 19,673.52 lakhs (31 March 2018: INR 19,304.91 lakhs; 31 March 2017: INR 24,154.65 lakhs; 31 March 2016: INR 23,558.22 lakhs) as deferred tax assets on unabsorbed depreciation and carried forward tax loss, which the management based on the future profitability projections is confident that there would be sufficient taxable profits in future which will enable the Group to utilize the above deferred tax assets.

17A. Income tax assets/ liabilities for current tax (net)

(INR In lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Income tax assets- related parties (Refer Note 34 & 50)	2,222.40	2,533.85	2,533.85	-
Income tax assets - others	3,526.55	4,164.28	4,196.16	3,791.00
Total income tax assets	**5,748.95**	**6,698.13**	**6,730.01**	**3,791.00**

(INR In lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Liabilities for current tax (net)	1,479.54	1,476.04	9.10	0.98
Total income tax liabilities	**1,479.54**	**1,476.04**	**9.10**	**0.98**

18. Revenue from operations

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Sale of products (including excise duty)				
Finished products	2,95,376.65	4,95,668.21	4,38,117.31	4,91,161.25
Traded products	1,47,979.89	2,31,845.90	2,02,994.82	2,66,550.13
Other operating revenues				
Rendering of Services	370.19	68.26	55.94	-
Scrap sales	288.83	388.83	381.51	452.98
Revenue from operations	**4,44,015.56**	**7,27,971.20**	**6,41,549.58**	**7,58,164.36**

(INR in lakhs)

Timing of revenue recognition	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Goods transferred to the customers at a point in time	4,44,015.56	7,27,971.20	6,41,549.58	7,58,164.36
Total revenue from contracts with customers	**4,44,015.56**	**7,27,971.20**	**6,41,549.58**	**7,58,164.36**

(INR in lakhs)

Right of return assets and refund liabilities	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Right of return assets	-	-	-	-
Refund liabilities				
Arising from rights of return	-	95.95	105.79	-
	-	**95.95**	**105.79**	**-**

(INR in lakhs)

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Revenue as per contracted price	**4,46,636.05**	**7,36,851.79**	**6,49,898.49**	**7,65,589.09**
Adjustments				
Sales return	(1,261.97)	(2,505.70)	(3,746.22)	(2,158.90)
Discount	(1,358.52)	(6,374.89)	(4,602.69)	(5,265.83)
Revenue from contract with customers	**4,44,015.56**	**7,27,971.20**	**6,41,549.58**	**7,58,164.36**

Performance obligation

The Group recognises revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 15 to 120 days from delivery.

The Group also recognises the subsidy income receivable from the Government of India as per New Pricing Scheme for Urea and as per Nutrient Based Subsidy Policy for Phosphatic and Potassic (P&K) fertilisers at the time of sale of goods to its customers. The Direct Benefit Transfer (DBT) Scheme entails 100% payment of subsidy to the Group on the basis of actual sales by the retailer to the beneficiary, however the performance obligation of the Group is satisfied upon delivery of the goods to its customer.

The Group does not have any other performance obligation in respect of its supply of goods to the customers.

a. (i) Sales of Finished Product and Traded Products include Government subsidies. Subsidies include INR 3,927.46 lakhs (31 March 2018: INR 2,793.95 lakhs; 31 March 2017: INR 2,705.01 lakhs; 31 March 2016: INR 1,897.58 lakhs) (including INR 3,050.79 lakhs; 31 March 2018: INR 2,068.68 lakhs 31 March 2017: INR 2,309.77 lakhs; 31 March 2016: INR 1,220.33 lakhs) disclosed in Note a (ii) below) in respect of earlier years, notified during the period.

a (ii). A subsidiary recognises urea concession income from the Government of India (GOI) based on estimates and changes, if any, are recognised in the period of finalisation of the prices by the GOI under the scheme. Accordingly, sales of products for the period include differential urea concession income of INR 3,050.79 lakhs (31 March 2018: 2,068.68 lakhs, 31 March 2017: INR 2,309.77 lakhs; 31 March 2016: INR 1,220.33 lakhs) relating to immediately preceeding financial period recognised on finalisation of escalation/de-escalation claim.

b. Subsidy for Urea has been accounted based on notified concession price under New Urea Policy 2015, and other adjustments as estimated in accordance with known policy parameters in this regard.

c. Government of India has notified the pooling of Gas in Fertiliser (Urea) sector effective from June 2015. As per the notification domestic Gas is pooled with Re-gasified Liquefied Natural Gas (RLNG) to provide natural Gas at uniform delivered price to all Natural Gas Grid connected Urea manufacturing plants.

d. The subsidy on Phosphatic and Pottasic fertilizers has been accounted for as per concession price notified by the Government of India under Nutrient Based Subsidy Policy, from time to time.

e. Goods and Service Tax (GST) has been effective from 1 July 2017, consequently excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until 30 June 2017, 'Sale of products' includes the amount of excise duty recovered on sales amounting to INR 608.17 lakhs. The Group collects GST on behalf of the Government and not included in 'Sale of products', and therefore revenue from 'Sale of products' for the period ended 30 September 2018 and year ended 31 March 2018 is not comparable with that of the comparative periods.

19. Other income

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Interest Income on				
Bank deposits	136.51	258.31	0.31	1.32
Intercorporate loans	76.72	89.85	360.00	361.19
Overdue debtors, employee loans etc.	2,052.22	5,992.26	4,466.73	3,962.61
Income tax refund	119.29	15.76	41.44	5.39
Dividend Income on current investments	-	-	-	0.98
Dividend Income on non-current investments	2.16	2.16	-	-
Other non-operating income				
Rent received	45.49	101.22	97.51	57.73
Service Income - staff deployment and other supports	-	-	483.58	352.90
Excess provision/unclaimed liabilities/unclaimed balances written back	4.74	387.92	108.98	171.23
Incentive under packing scheme incentive (Refer Note 44)	8.53	17.05	17.05	16.83
Profit on sale of current investments	-	-	3.80	1.84
Insurance Claims *	-	380.42	1.07	1,174.36
Miscellaneous income	501.70	1,468.81	54.65	127.13
Total	**2,947.36**	**8,713.76**	**5,635.12**	**6,233.51**

* The Parent Company has during the year ended 31 March 2016, received an insurance claim of INR 1,070.25 lakhs from the insurance company on account of damage claim to boiler feed water pump on 8 August 2014 which is included under other income.

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss.

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
In relation to Financial assets classified at amortised cost	2,265.45	6,340.43	4,827.04	4,325.12
In relation to Financial assets classified at FVOCI	-	-	-	-
Total	**2,265.45**	**6,340.43**	**4,827.04**	**4,325.12**

20. Cost of raw material and components consumed

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Inventory at the beginning of the year	31,455.11	30,537.83	29,888.31	20,195.94
Add: Stock transferred from trial run	-	-	-	1,426.06
Add: Stock transferred on acquisition of subsidiary	-	-	-	8,086.70
Add : Purchases	2,16,492.49	3,49,675.28	2,99,204.00	3,54,631.49
Add: Transfer of Stock for captive consumption	2,395.11	-	832.18	2,727.62
	2,50,342.71	**3,80,213.11**	**3,29,924.49**	**3,87,067.81**
Less: Transferred to trading stock	(1,356.33)	(1,242.43)	(512.27)	(199.50)
Less: Inventory at the end of the year	(34,565.23)	(31,455.11)	(30,537.83)	(29,888.31)
Cost of raw material and components consumed	**2,14,421.15**	**3,47,515.57**	**2,98,874.39**	**3,56,980.00**

20(a). Purchase of traded goods

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Traded goods purchase details				
Di-ammonium phosphate (DAP)	68,175.61	85,354.42	71,849.06	1,14,199.67
Muriate of potash (MOP)	26,249.34	85,529.60	43,525.15	61,236.23
Single super phosphate (SSP)	7.33	39.44	46.02	2.62
Urea	2,610.84	3,546.88	4,780.96	7,854.06
Speciality Fertilisers	4,078.99	11,984.17	15,549.04	17,130.52
Complex Fertilisers	8,652.82	3,093.61	6,590.35	13,199.11
Pesticides	11,542.44	11,247.77	13,807.97	13,660.96
Seeds	141.02	155.59	611.38	-
Others	5,082.49	3,337.46	173.57	1,694.13
Add: Transfer from materials purchased	1,356.33	1,242.43	512.27	199.50
Cost of traded goods purchased	**1,27,897.21**	**2,05,531.37**	**1,57,445.77**	**2,29,176.80**

21. Changes in inventories of finished goods, traded goods and work-in- progress

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Inventories at the end of the period				
Finished goods	35,067.61	24,470.45	10,544.49	7,892.19
Traded goods	39,868.05	36,540.46	17,084.55	21,660.57
Work-in-progress	3,116.01	4,058.92	3,085.72	3,132.60
	78,051.67	**65,069.83**	**30,714.76**	**32,685.37**
Inventories at the beginning of the period				
Finished goods	24,470.45	10,544.49	7,892.19	7,347.77
Traded goods	36,540.46	17,084.55	21,660.57	22,803.15
Work-in-progress	4,058.92	3,085.72	3,132.60	4,223.96
Less : Captive consumption	-	-	(832.18)	(2,727.62)
Add: Stock transferred on account of acquisition of subsidiary				
Finished goods	-	-	-	2,056.01
Traded goods	-	-	-	4,253.39
Work-in-progress	-	-	-	98.00
Add: Stock transferred on account of trial run				
Finished goods	-	-	-	938.05
Work-in-progress	-	-	-	953.35
	65,069.83	**30,714.76**	**31,853.18**	**39,946.06**
	(12,981.84)	**(34,355.07)**	**1,138.42**	**7,260.69**

22. Excise Duty on sale of goods

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Excise duty on sale of goods	-	608.17	2,997.25	2,945.88
Total	**-**	**608.17**	**2,997.25**	**2,945.88**

23. Employee Benefits Expense

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Salaries, wages and bonus	7,330.41	13,039.26	13,102.61	11,775.82
Contribution to provident and other funds	551.67	1,005.44	951.45	1,075.83
Post-retirement medical benefit (Refer Note 32)	-	4.23	10.62	132.89
Gratuity (Refer Note 32)	151.86	335.76	338.28	351.33
Staff welfare expenses	765.15	1,925.80	1,648.29	1,743.44
Total	**8,799.09**	**16,310.49**	**16,051.25**	**15,079.31**

24. Finance Costs

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Interest expense	19,376.62	31,157.48	31,825.04	29,335.77
Interest on Income Tax	15.22	119.46	46.95	15.76
Exchange difference to the extent considered as an adjustment to borrowing cost	1,638.72	5,343.34	2,993.51	2,889.71
Other finance charges	2,586.56	3,301.53	3,719.13	1,845.93
Total	**23,617.12**	**39,921.81**	**38,584.63**	**34,087.17**

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
In relation to Financial liabilities classified at amortised cost	19,376.62	31,157.48	31,825.04	29,335.77
Total	**19,376.62**	**31,157.48**	**31,825.04**	**29,335.77**

25. Depreciation and amortization expense

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Depreciation of property, plant and equipment (Refer Note 3)	4,009.07	7,810.58	7,314.67	6,255.44
Amortisation of intangible assets (Refer Note 5)	206.16	442.19	418.79	371.15
Total	**4,215.23**	**8,252.77**	**7,733.46**	**6,626.59**

26. Other expenses

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Stores and spares consumed	1,401.41	2,678.20	1,866.45	1,738.08
Power, fuel and water	31,347.63	49,038.65	38,612.08	42,458.08
Bagging and other contracting charges	1,934.86	3,446.29	3,131.80	2,557.56
Outward freight and handling	30,788.10	58,809.28	48,530.57	49,581.77
Rent	1,667.42	2,989.12	4,123.42	4,109.02
Rates and taxes	57.37	117.84	133.40	54.51
Insurance	362.54	925.50	1,255.85	1,601.10
Repairs and maintenance				
Plant & machinery	2,880.56	5,891.28	6,324.38	7,010.44
Buildings	516.37	778.49	468.35	704.83
Others	611.17	1,097.40	1,144.63	676.59
Payment to statutory auditors (Refer details below)	166.34	196.00	229.34	145.21
Royalty on sales (net)	24.90	14.70	53.90	287.14
Provision for doubtful receivable/advances	-	832.28	77.95	78.15
Provision for GST refund receivable	-	161.30	-	-
Research and development expenses (Refer details below)	5.02	83.06	65.64	56.88
Subsidy claims written off	138.70	138.90	185.29	40.60
Foreign exchange variation (net)	3,637.83	2,526.02	7,475.65	13,322.42
Impairment of capital work-in-progress	367.17	-	-	-
Loss on disposal of property, plant and equipment (net)	301.40	735.76	115.66	393.26
Donation	5.83	-	31.02	40.40
CSR expenditure	32.43	61.96	103.30	165.42
Advances write-off	-	173.01	216.26	66.03
Miscellaneous expenses	4,984.35	6,903.35	8,170.44	7,465.62
Total	**81,231.39**	**1,37,598.39**	**1,22,315.38**	**1,32,553.11**

Payments to statutory auditors				
As statutory auditors *				
Audit fees	37.75	53.73	57.14	57.56
Tax audit fee	6.25	16.11	8.76	8.31
Limited review fees	20.00	15.75	10.69	17.27
In other capacity				
Right Issue/ Qualified Institutional Placement (QIP) certification	79.35	-	65.06	-
Other services (certification fees)	15.50	102.80	82.71	57.15
Reimbursement of expenses	7.49	7.61	4.98	4.92
Total	**166.34**	**196.00**	**229.34**	**145.21**

* Excluding INR Nil (31 March 2018: INR 41.85 lakhs; 31 March 2017: Nil; 31 March 2016: Nil) towards QIP related services, included under prepaid expenses in the restated Ind AS consolidated summary statement.

CSR Expenditure:				
Gross amount required to be spent by the Group during the period (under Section 135 of the Companies Act, 2013)	27.89	16.51	43.20	120.57
Amount spent during the period (other than on construction/ acquisition of any asset)	32.43	61.96	94.81	161.53
Amount spent during the period (on construction/ acquisition of any asset)	-	-	-	-
Amount yet to be spent/ paid	-	-	8.49	3.89
Total	**32.43**	**61.96**	**103.30**	**165.42**

The details of research & development expenses are given below:

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Repairs and maintenance- plant and machinery	0.01	1.07	1.29	0.95
Farm maintenance	1.75	39.27	34.46	15.20
Testing expenses	2.51	31.30	14.39	21.78
Consumables	-	4.09	3.59	4.17
Miscellaneous expenses	0.75	7.33	11.91	14.78
Total	**5.02**	**83.06**	**65.64**	**56.88**

The Parent Company's research and development concentrates on the development of new variety of seeds with good quality and high productivity. No capital expenditure have been incurred on research and development during the period.

27. Distributions made and proposed

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Cash dividends on equity shares declared and paid:				
Final equity dividends: INR 1 per equity share (31 March 2018: INR 1 per equity share; 31 March 2017: Nil per equity share; 31 March 2016: INR 2 per equity share)	556.72	698.94	-	1,175.19
Tax on equity dividend	243.61	206.25	-	316.00
	800.33	**905.19**	**-**	**1,491.19**
Proposed dividends on equity shares:				
Proposed final equity dividends: INR Nil per equity share (31 March 2018: INR 1 per equity share; 31 March 2017: INR 1 per equity share; 31 March 2016: Nil per equity share)	-	556.72	698.94	-
,	-	243.61	206.25	-
	-	**800.33**	**905.19**	**-**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at 31 March .

In year ended 31 March 2018, the proposed dividend on equity shares is in respect of non-controlling interest holders of one of the subsidiary company of the Group. The tax on proposed equity dividend is on the entire proposed dividend by the subsidiary company.

28. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the group by the weighted average number of equity shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted EPS computations:

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Profit/(loss) after taxation as per statement of Profit and Loss (INR in lakhs)	1,277.95	13,696.28	4,237.08	(10,181.74)
Weighted average number of shares used in computing earnings per share	4,20,58,006	4,20,58,006	4,20,58,006	4,20,58,006
Earnings per share – Basic and diluted (in INR)*	3.04	32.57	10.07	(24.21)
Face value per share (in INR)	10.00	10.00	10.00	10.00

* EPS for the period ended 30 September 2018 is not annualised

29. Exceptional Items:

(INR In lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Provision for impairment of investments (Refer Note (a) below)	-	1,161.77	-	-
Provision for doubtful advances (Refer Note (b) below)	-	1,393.54	-	-
Deferred payment under Voluntary Retirement Scheme (Refer Note (c) below)	-	-	-	178.34
	-	**2,555.31**	**-**	**178.34**

(a) Exceptional items for the year ended 31 March 2018 includes INR 1,161.76 lakhs representing impairment of the Parent Company's investment in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited (Refer Note 46)
(b) Exceptional items for the year ended 31 March 2018 includes INR 1,393.54 lakhs representing provision made against inter corporate deposits including interest accrued thereon (Refer Note 53)
(c) During the year ended 31 March 2016, the Parent Company had floated Voluntary Retirement Scheme for the employees. Total 12 employees had opted for deferred payment under Voluntary Retirement Scheme. The total outgo was INR 178.34 lakhs, which had been fully charged as an exceptional item in the statement of profit & loss as per accounting policy followed.

30. Dues to Micro, Small and Medium Enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act is as follows:

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier:				
- Principal amount	758.10	264.53	246.13	270.12
- Interest thereon	4.46	43.88	61.80	28.21
The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	Nil	Nil	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid	137.84	133.90	90.02	29.02
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	0.52	0.52	Nil	Nil

31. Group Information

Information about subsidiaries

The restated Ind AS consolidated summary statements of the Group includes subsidiaries and joint ventures, listed in the table below:

Name of Subsidiary Company	**Country of Incorporation**	**Ownership Interest (%)**			
		30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Mangalore Chemicals and Fertilizers Limited	India	53.03%	53.03%	53.03%	53.03%
Adventz Trading DMCC (w.e.f. 7 December 2016)	United Arab Emirates	100.00%	100.00%	-	-

Name of Joint Ventures	**Country of Incorporation**	**Ownership Interest (%)**			
		30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Zuari Maroc Phosphates Private Limited (ZMPPL) (including its 80.45% subsidiary - Paradeep Phosphates Limited)	India	50.00%	50.00%	50.00%	50.00%
MCA Phosphates Pte Limited (MCAP) (including its associate Fosfatos del Pacifico S.A.)	Singapore	30.00%	30.00%	30.00%	30.00%

Financial Statements of MCA Phosphates Pte. Limited and Fosfatos del Pacifico S.A. for the period ended 30 September 2018, which include the Group's share of total comprehensive income (comprising of profits and other comprehensive income) of INR 1,292.36 lakhs, are unaudited and have been compiled by the management.

31A. Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	**Country of incorporation and operation**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Mangalore Chemicals and Fertilisers Limited	India	46.97%	46.97%	46.97%	46.97%

Information regarding non-controlling interest

Mangalore Chemicals and Fertilisers Limited

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
	(INR in lakhs)	(INR in lakhs)	(INR in lakhs)	(INR in lakhs)
Accumulated balances of material non-controlling interest:	39,636.10	39,155.12	36,577.14	35,382.34
Total comprehensive income/ (loss) allocated to material non-controlling interest:	1,037.70	2,856.34	1,194.80	(1,540.12)
Dividend distributed and paid to non-controlling interest	(556.72)	(278.36)	-	(334.03)

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter - company eliminations.

Summarised statement of profit and loss for the period ended 30 September 2018 and years ended 31 March 2018, 31 March 2017 and 31 March 2016

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
	INR in lakhs	INR in lakhs	INR lakhs	INR lakhs
Revenue	1,67,057.09	2,70,359.01	2,51,140.79	2,46,364.14
Cost of raw material and components consumed	75,783.06	1,27,168.92	1,11,331.89	99,814.07
Purchases of traded goods	40,121.24	72,396.40	67,703.13	87,612.70
Change in inventories of finished goods, work-in-progress and traded goods	4,427.10	(11,390.39)	(746.45)	(456.04)
Other expenses	36,583.86	65,753.10	57,296.41	54,295.25
Finance costs	6,739.41	8,815.45	11,798.35	9,570.79
Profit before tax	**3,402.42**	**7,615.53**	**3,757.46**	**(4,472.62)**
Income tax	1,209.27	1,518.94	1,224.61	(1,351.68)
Profit for the period	**2,193.15**	**6,096.59**	**2,532.85**	**(3,120.94)**
Other Comprehensive income/(loss) for the period	15.92	(15.96)	10.64	(157.68)
Total comprehensive income/(loss)	**2,209.07**	**6,080.63**	**2,543.49**	**(3,278.63)**
Attributable to non-controlling interests	1,037.70	2,856.34	1,194.80	(1,540.12)
Dividends paid to non-controlling interests	(556.72)	(278.36)	-	(334.03)

Zuari Agro Chemicals Limited

Annexure - V

Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016

Summarised balance sheet as at

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Inventories and cash and cash equivalents	39,213.91	50,954.90	31,738.45	23,704.56
Property, plant and equipment, other non-current financial assets and other non-current assets	65,119.09	65,288.81	64,961.97	66,601.79
Trade Receivable and other current assets	1,30,500.32	1,34,944.50	1,29,535.41	1,54,629.56
Trade and other payable	(74,539.30)	(63,119.67)	(58,458.87)	(62,597.78)
Non Current liabilities	(1,747.62)	(1,944.62)	(3,148.87)	(2,564.38)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,09,709.51)	(1,38,067.34)	(1,21,938.93)	(1,39,628.08)
Total equity	**48,836.89**	**48,056.58**	**42,689.16**	**40,145.67**
Attributable to:				
Non-controlling interest *	39,636.10	39,155.12	36,577.14	35,382.34

*Includes impact of fair valuation at the time of acquisition of controlling stake in May 2015.

Summarised Cash Flow information for the period ended 30 September 2018 and years ended 31 March 2018, 31 March 2017 and 31 March 2016

	30 September 2018	31 March 2018	31 March 2017	31 March 2016*
	INR in lakhs	INR in lakhs	INR in lakhs	INR in lakhs
Operating	36,740.32	3,675.70	33,915.50	(30,232.74)
Investing	(2,463.61)	(3,954.51)	(1,266.33)	(4,911.83)
Financing	(40,065.65)	5,650.53	(27,156.04)	34,674.91
Net increase/(decrease) in cash and cash equivalents	**(5,788.94)**	**5,371.72**	**5,493.13**	**(469.66)**

* Cash flow information for the period ended 31 March 2016 is for the period June 2015 to March 2016, which represents the post acquisition period.

31B. Interest in Joint Ventures

a) Zuari Maroc Phosphate Private Limited

The Group has a 50% interest in Zuari Maroc Phosphate Private Limited, a joint venture engaged in the business as an investment company and to acquire and hold and otherwise deal in shares, stocks, debentures . The Group's interest in Zuari Maroc Phosphates Private Limited is accounted for using the equity method in the restated Ind AS consolidated summary statements. Summarised financial information of the joint venture, based on its Ind AS financial statements and reconciliation with the carrying amount of the investment in restated Ind AS consolidated summary statements are set out below:

Summarised balance sheet as at:

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Current assets, including cash and cash equivalents INR 4,463.32 lakhs (31 March 2018: INR 2,407.84 lakhs; 31 March 2017: INR 1,536.55 lakhs; 31 March 2016: INR 3,559.14 lakhs)	3,23,435.89	2,88,289.44	3,32,610.70	3,57,557.30
Non-current assets, including advance tax INR 3,978.98 lakhs (31 March 2018: INR 3,821.13 lakhs; 31 March 2017: INR 3,169.22 lakhs; 31 March 2016: INR 3,272.02 lakhs)	1,65,629.06	1,63,734.91	1,62,267.79	1,59,687.51
Current liabilities	(2,76,936.62)	(2,43,569.07)	(2,97,756.39)	(3,29,478.04)
Non Controlling Interest	(27,835.02)	(27,703.67)	(24,366.50)	(21,843.50)
Non-current liabilities, including borrowing INR 25,847.77 lakhs (31 March 2018: INR 28,810.77 lakhs; 31 March 2017: INR 34,655.73 lakhs; 31 March 2016: INR 38,179.94 lakhs)	(28,737.60)	(30,411.52)	(36,122.13)	(39,644.25)
Equity	**1,55,555.71**	**1,50,340.10**	**1,36,633.48**	**1,26,279.02**
Proportion of the Group's ownership	50%	50%	50%	50%
Carrying amount of the investment	77,777.85	75,170.05	68,316.74	63,139.51

Summarised statement of profit and loss of Zuari Maroc Phosphates Private Limited:

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Revenue	2,20,971.05	3,84,979.27	3,70,195.82	4,73,365.68
Cost of raw materials consumed	(1,22,651.39)	(2,38,218.98)	(2,21,955.55)	(3,14,371.15)
Purchases of traded goods	(47,837.94)	(20,568.69)	(28,093.31)	(61,837.76)
Changes in inventories of finished goods, traded goods and work in progress	13,001.46	(1,754.28)	757.71	7,902.85
Excise duty on sale of goods	-	(861.37)	(2,923.77)	(3,213.09)
Depreciation & amortization	(3,380.64)	(6,182.42)	(5,830.26)	(2,897.49)
Finance cost	(7,510.26)	(15,923.32)	(24,200.49)	(19,255.90)
Employee benefit	(5,138.28)	(11,892.49)	(11,305.62)	(12,324.98)
Other expense	(34,288.84)	(58,571.89)	(57,455.75)	(66,549.92)
Profit before Exceptional items & tax	**13,165.16**	**31,005.83**	**19,188.78**	**818.24**
Exceptional Items	-	(5,386.44)	-	(577.75)
Profit before tax	**13,165.16**	**25,619.39**	**19,188.78**	**240.49**
Income tax expense	(6,235.41)	(8,434.20)	(6,539.12)	2,519.10
Profit for the period	**6,929.75**	**17,185.19**	**12,649.66**	**2,759.59**
Other Comprehensive Income/ (loss)	(227.19)	(141.34)	227.79	697.59
Total comprehensive income for the period	**6,702.56**	**17,043.85**	**12,877.45**	**3,457.18**
Share of non controlling interest in total comprehensive income	1,487.42	3,337.21	2,523.00	675.38
Total comprehensive income	**5,215.14**	**13,706.64**	**10,354.45**	**2,781.80**
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of total comprehensive income for the period	**2,607.56**	**6,853.31**	**5,177.23**	**1,390.89**

Contingent Liabilities & Capital Commitments*	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Claims/demand raised by Government Authorities**				
a. Claims/demand raised by Income Tax Authorities	1,344.36	3,963.53	3,285.29	2,793.90
b. Claims/demand raised by Sales Tax Authorities	6,950.74	9,329.55	10,825.10	10,901.73
Other Claims against the Company not acknowledged as debts**	4,764.19	4,728.82	5,069.46	4,985.06
Estimated amount of contracts remaining to be executed on capital account not provided for	2,101.38	906.88	7,557.99	10,688.88

* Being share of the Group in the Joint Company.

**Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by the Group, the Management believes that the Group has a good chance of success in the above mentioned cases and hence, no provision there against is considered necessary. The above has been compiled based on the information and records available with the Group.

b) MCA Phosphates Pte. Limited

The Group has a 30% interest in MCA Phosphates Pte. Limited having country of incorporation as Singapore, which is Joint venture of the Parent Company with Mitsubishi Corporation to acquire Fosfatos del pacifico S.A. (FOSPAC), which is engaged in the exploration & manufacture of rock phosphates. MCA Phosphates Pte. Limited is a private entity that is not listed on any public exchange. The Group's interest in MCA Phosphates Pte. Limited is accounted for using the equity method in the restated Ind AS consolidated summary statements. The following table illustrates the summarised financial information of the Group's investment in MCA Phosphates Pte. Limited:

Summarised balance sheet as at:

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Current assets, including cash and cash equivalents INR 97.94 lakhs (31 March 2018: INR 95.53 lakhs; 31 March 2017: INR 177.88 lakhs; 31 March 2016: INR 46.00 lakhs)	97.94	97.76	179.74	47.97
Non-current assets	43,822.24	39,510.25	39,718.49	41,094.40
Current liabilities	(44.25)	(39.92)	(42.63)	(42.22)
Equity	**43,875.93**	**39,568.08**	**39,855.60**	**41,100.14**
Proportion of the Group's ownership	30%	30%	30%	30%
Carrying amount of the investment	13,162.78	11,870.42	11,956.68	12,330.04
Provision for Impairment loss in restated Ind AS consolidated summary statements	(1,161.76)	(1,161.76)	-	-
Net investment amount in restated Ind AS consolidated summary statements	12,001.02	10,708.66	11,956.68	12,330.04

Summarised statement of profit and loss of MCA Phosphates Pte. Limited:

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Revenue	-	-	-	-
Operating expenses	(10.15)	(79.77)	(132.30)	(55.33)
Share of loss of associate	(175.56)	(411.28)	(192.41)	(2,340.89)
Profit/(loss) before tax	**(185.71)**	**(491.05)**	**(324.71)**	**(2,396.21)**
Income tax expense	-	-	-	-
Profit/(loss) for the period	(185.71)	(491.05)	(324.71)	(2,396.21)
Other comprehensive income/(loss)	4,493.70	203.56	(919.86)	2,104.77
Total comprehensive income/(loss) for the period	**4,307.99**	**(287.49)**	**(1,244.57)**	**(291.45)**
	30%	30%	30%	30%
Group's share of total comprehensive income for the period	**1,292.40**	**(86.25)**	**(373.37)**	**(87.43)**

31C. Business Combinations and acquisition of non-controlling interests

Acquisition of Mangalore Chemicals & Fertilizers Limited
On 18 May 2015, Group acquired further 35.56% shares of Mangalore Chemicals & Fertilizers Limited (MCFL), resulting in total shareholding in the Company at 53.03%. The Company is engaged in the manufacturing, purchase and sale of fertilizers.

Assets acquired and liabilities assumed
The fair value of identifiable assets and liabilities of Mangalore Chemicals & Fertilizers Limited as at the date of acquisitions were:-

	Fair value recognized on acquisition
	INR in lakhs
Assets	
Property, plant and equipment	1,20,414.95
Cash and cash equivalents	5,035.91
Trade receivables	26,854.93
Inventories	18,803.11
Other Non Current Assets	1,346.02
Other Current Assets	65,822.64
Intangible Assets	11,425.81
	2,49,703.37
Liabilities	
Trade payables	32,998.06
Interest Bearing debts (Long term & Short Term)	85,560.66
Provisions	4,238.71
Current Liabilities	13,195.55
Deferred tax liability	1,930.37
	1,37,923.35
Total identifiable net assets at fair value	**1,11,780.02**
Non-controlling interests measured at fair value	(36,715.64)
Bargain purchase arising on acquisition*	22,366.73
Purchase consideration transferred	**52,697.64**

* In bargain purchase, net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed measured in accordance with Ind AS 103 exceeds the aggregate of following:

(i) Consideration transferred measured in accordance with Ind AS 103, which generally requires acquisition-date fair value
(ii) Amount of any non-controlling interest in the acquiree measured in accordance with Ind AS 103; and
(iii) In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

The cash and cash equivalents, as of the valuation date comprise of cash balance and current account balance and hence book value is the fair value. The fair value of trade receivable amounts to INR 26,854.93 lakhs which approximates their gross carrying amount. None of the trade receivables were impaired and the full contractual amounts were expected to be credited. The deferred tax liability mainly comprises the tax effect of the depreciation for tax purposes of tangible and intangible assets.

Trade Mark ("Mangala") at a fair value of INR 11,405.00 lakhs was recognized at the acquisition date using Relief-From-Royalty (RFR) method. The fair value estimate from RFR method is the royalty payment from which the entity is relieved to pay to the hypothetical owner of the trademark had the entity not owned the trademark. The “Mangala” trademark is the umbrella and well known in the market and has recall value. The valuation of all trademarks therefore has been carried out at a portfolio level. Life for amortization of trademark is estimated at 40 years.

Significant valuation inputs for valuation of trade mark are provided below:

Royalty	0.5% of Revenue attributable to trade mark
Discount Rate	15.15%

Purchase Consideration	INR in lakhs
Cash Consideration paid to non-controlling shareholders	39,828.02
Carrying value of the earlier interest in MCFL*	12,869.62
	52,697.64

Analysis of cash flow on acquisition	INR in lakhs
Transaction costs of the acquisition (included in cash flows from operating activities)	(1,733.73)
Net cash and bank balance acquired from the subsidiary	5,035.91
Cash Consideration paid to non-controlling shareholders	(39,828.02)
Net Cash flow on acquisition	**(36,525.83)**

From the date of acquisition, Mangalore Chemicals & Fertilisers Limited has contributed INR 2,48,534.69 lakhs of revenue and INR (2,244.36 lakhs) to the profit before tax of the Group till 31 March 2017. If the combination had taken place at the beginning of the year, revenue from continuing operations, for the year ended 31 March 2016, would have been INR 8,20,576.97 lakhs and the loss before tax from continuing operations, for the year ended 31 March 2016, for the Group would have been INR 16,595.89 lakhs.

* At the time of gaining of control, earlier 17.47% stake held was fair valued. Gain/(loss) on account of fair value has been accounted for as follows in the restated Ind AS consolidated summary statements for the year ended 31 March 2016.

Fair value through other comprehensive income:	**INR in lakhs**
Cost as on 31 March 2015:	10,121.73
Market value as on 31 March 2015:	16,938.34
Gain recorded in FVTOCI reserve as at 1 April 2015 (a)	**6,816.59**
At the time of Acquisition on 18 May 2015	
Market value as on 18 May 2015:	12,869.62
Market value as on 31 March 2015:	16,938.34
Loss recorded in FVTOCI reserve during the year ended 31 March 2016 (b)	**(4,068.72)**
Gain/(loss) on sale/(deemed disposal) of investment (a-b)#	**2,747.87**

#The above gain has been classified to Other comprehensive income and has been subsequently taken into retained earning as reserves.

32. Gratuity and other post-employment benefit plans

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
- Gratuity Plan- Asset/ (Liability)*	(1,315.67)	(1,447.79)	(1,491.72)	(1,474.80)
- Provident Fund -Asset**	497.97	240.63	227.93	216.41
- Post Retirement Medical Benefit Plan - (Liability)	(52.14)	(54.79)	(50.56)	(132.89)
Total	**(869.84)**	**(1,261.95)**	**(1,314.35)**	**(1,391.28)**

* Plan assets of INR 264.44 lakhs (31 March 2018: INR 57.05 lakhs; 31 March 2017: INR 23.99 lakhs; 31 March 2016: INR 41.73 lakhs) have been recognised in other assets in respect of the Parent Company. In respect of a foreign subsidiary company defined benefit obligation of INR 11.48 lakhs (31 March 2018: INR 5.25 lakhs; 31 March 2017: Nil; 31 March 2016: Nil) is not funded.

** Plan assets of INR 497.96 lakhs (31 March 2018: INR 240.62 lakhs; 31 March 2017: INR 227.92 lakhs; 31 March 2016: INR 216.41 lakhs) have not been recognised in the restated Ind AS consolidated summary statements, as the surplus of the trust, is distributable among the beneficiaries of the provident fund trust (The above includes amount contributed by Zuari Global Limited (related party of the Parent Company).

a) Gratuity

Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/ termination/ resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Group is a defined benefit scheme where annual contributions as demanded by the insurer are deposited, to a Gratuity Trust Fund established to provide gratuity benefits. The Trust has taken an Insurance policy, whereby these contributions are transferred to the insurer. The Group makes provision of such gratuity asset/liability in the books of account on the basis of actuarial valuation carried out by an independent actuary.

b) Provident fund

As per Ind-AS 19, Employee Benefits, provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan. Actuarial valuation of Provident Fund was carried out in accordance with the guidance note issued by Actuary Society of India.

c) Post retirement medical benefit plan

The Parent Company has a defined benefit post retirement medical benefit plan, for its employees. The Parent Company provides medical benefit to those employees who leave the services of the Parent Company on retirement. As per the plan, retired employee and the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. In case of death of retired employee, the spouse will be covered till the age of 85 years and the dependent children till they attain the age of 25 years. The plan is not funded by the Parent Company.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Net employee benefits expense (recognized in employee cost) for the period ended:

(INR in lakhs)

	Gratuity			
	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Current Service Cost	96.14	225.23	221.92	198.15
Past Service Cost	-	-	-	31.66
Net Interest Cost	69.71	143.14	153.98	121.52
Expected return on plan assets	(13.99)	(32.61)	(37.62)	-
Total	**151.86**	**335.76**	**338.28**	**351.33**

(INR in lakhs)

	Post retirement medical benefit plan			
	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Current Service Cost	-	-	-	-
Past Service Cost	-	-	-	121.62
Net Interest Cost	2.09	4.23	10.62	11.27
Total	**2.09**	**4.23**	**10.62**	**132.89**

Amount recognised in other comprehensive income for the period ended:

(INR in lakhs)

	Gratuity			
	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Actuarial (gain)/ loss				
- change in financial assumptions	(78.53)	8.17	(6.50)	48.37
- experience variance (i.e. actual experiences assumptions)	(294.50)	(56.90)	1.88	(15.52)
Return on plan assets (excluding amounts included in net interest expense)	79.47	9.33	(65.66)	(30.89)
Total	**(293.56)**	**(39.40)**	**(70.28)**	**1.96**

(INR in lakhs)

	Post retirement medical benefit plan			
	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Re-measurement (or Actuarial) (gain) / loss arising from:				
- change in financial assumptions	(1.85)	-	(1.41)	-
- experience variance (i.e. Actual experiences assumptions)	(2.89)	-	(91.54)	-
Total	**(4.74)**	**-**	**(92.95)**	**-**

Changes in the present value of the defined benefit obligation for the period ended are as follows:

Gratuity:

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Opening defined obligation	**3,971.44**	**4,145.73**	**4,251.71**	**4,245.31**
Current service cost	96.14	225.23	221.92	198.17
Interest cost	152.08	308.55	332.28	325.28
Re-measurement (or Actuarial) (gain) / loss arising from :	-	-	-	-
- change in demographic assumptions	-	0.08	7.37	(2.82)
- change in financial assumptions	(54.05)	(17.52)	47.27	(68.39)
- experience variance (i.e. Actual experiences assumptions)	(294.50)	(56.90)	(45.90)	(169.47)
Benefits paid	(235.40)	(630.52)	(619.67)	(590.73)
Net transfer liability	19.48	(28.82)	(27.72)	9.17
Actuarial (gains) / losses	(27.97)	25.61	(15.25)	273.53
Acquisition adjustment	-	-	(6.29)	-
Past service cost	-	-	-	31.67
Defined benefit obligation	**3,627.23**	**3,971.44**	**4,145.73**	**4,251.71**

Provident fund: **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Opening defined obligation	**12,117.81**	**11,521.58**	**11,832.62**	**10,895.97**
Current service cost	118.08	224.20	227.87	245.07
Interest cost	485.54	971.09	1,009.25	930.07
Contributions by Employee / plan participants	337.29	622.67	614.30	632.23
Benefits Paid out of funds	(860.67)	(1,257.24)	(2,341.85)	(1,245.67)
Re-measurement (or Actuarial) (gain)/ loss arising from:				
- experience variance	0.06	13.92	12.57	15.09
Settlements / transfer in	(236.39)	21.59	166.82	359.86
Defined benefit obligation	**11,961.72**	**12,117.81**	**11,521.58**	**11,832.62**

Post retirement medical benefit plan: **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Opening defined obligation	54.79	50.56	132.89	-
Past service cost	-	-	-	121.62
Interest cost	2.09	4.23	10.62	11.27
Re-measurement (or Actuarial) (gain) / loss arising from :	-			
- change in demographic assumptions	-			
- change in financial assumptions	(1.85)	-	-	-
- experience variance (i.e. Actual experiences assumptions)	(2.89)	-	-	-
Actuarial (gain)/ loss on obligations	-	-	(92.95)	-
Defined benefit obligation	**52.14**	**54.79**	**50.56**	**132.89**

Changes in the fair value of plan assets are as follows:

Gratuity: **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Opening fair value of plan assets	2,528.89	2,654.01	2,776.90	2,713.80
Adjustment of Opening balance	-	-	-	0.64
Interest income	82.37	165.41	178.30	203.79
Return on plan assets (excluding amounts included in net interest expense) - OCI	(65.48)	22.20	97.89	30.90
Contribution by Employer	152.86	288.43	215.36	418.28
Benefits paid	(362.13)	(602.24)	(619.83)	(590.51)
Actuarial gain/(loss)	(3.48)	1.08	5.39	-
Service cost (Transfer in)	(10.00)	-	-	-
Closing fair value of plan assets	**2,323.03**	**2,528.89**	**2,654.01**	**2,776.90**

The Group expects to contribute INR Nil (31 March 2018: INR 83.47 lakhs; 31 March 2017 : INR 8.26 lakhs; 31 March 2016 : INR 135.17 lakhs) to gratuity fund in next financial year.

Provident fund: **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Opening fair value of plan assets	12,358.43	11,749.51	12,049.03	11,075.78
Interest income	471.27	916.46	939.82	887.84
Return on plan assets (excluding amounts included in net	(5.18)	63.20	71.85	103.97
Employer Contribution	118.08	224.20	227.87	245.07
Plan participants/ Employee contribution	337.29	622.67	614.30	632.23
Benefits paid	(860.67)	(1,257.24)	(2,341.85)	(1,245.67)
Settlements / Transfer in	40.47	39.62	188.48	349.80
Closing fair value of plan assets	**12,459.69**	**12,358.43**	**11,749.51**	**12,049.03**

The Parent Company expects to Contribute INR 519.55 lakhs (31 March 2018: INR 246.62 lakhs; 31 March 2017: INR 250.65 lakhs; 31 March 2016: INR 269.57 lakhs) to provident fund trust in next financial period.

Gratuity **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Investment with insurer (Life Insurance Corporation of India)	2,323.03	2,528.89	2,654.01	2,776.90

Provident Fund (Managed Through Trust) **(INR in lakhs)**

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Self managed investments	12,459.69	12,358.43	11,749.51	12,049.03

The overall expected rate of return is determined based on the market prices prevailing at that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current period.

Investment pattern in plan assets:

	Gratuity				Provident fund			
	30 September 2018	31 March 2018	31 March 2017	31 March 2016	0 September 201	31 March 2018	31 March 2017	31 March 2016
Funds managed by insurance companies	100%	100%	100%	100%	0%	0%	0%	0%
Funds managed by trust	0%	0%	0%	0%	100%	100%	100%	100%

The principal assumptions used in determining benefit obligation for the Group's plans are shown below:

	Gratuity				Provident Fund			
	30 September 2018	31 March 2018	31 March 2017	31 March 2016	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Discount rate (in %)	8.40%	7.75%	7.50%	7.75% - 8%	8.40%	7.75%	7.50%	7.80%
Salary Escalation (in %)	9% for first 2 years and 7.5% thereafter	9% for first 2 years and 7.5% thereafter	9% for first 2 years and 7.5% thereafter	9% for first 2 years and 7.5% thereafter	-	-	-	-
Mortality Rate (in %)	100%	100%	100%	100%	100%	100%	100%	100%
Withdrawal rate (per annum)	1%-3%	1%-3%	1%-3%	1%-3%	1%-3%	1%-3%	1%-3%	1%-3%

	Post retirement medical benefit plan			
	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Discount rate (in %)	8.40%	7.75%	7.50%	8.00%
Salary Escalation (in %)	-	-	-	-
Mortality Rate (in %) (upto normal retirement age)	100% of IALM 06-08	100% of IALM 06-08	100%	100%
Mortality Rate (in %) (above normal retirement age)	90% of LIC 96-98 mod ult.	90% of LIC 96-98 mod ult.	100%	100%

A quantitative sensitivity analysis for significant assumption for the Group is as shown below:

Gratuity plan (in case of Parent Company)

	30 September 2018		**30 September 2018**		**30 September 2018**		**30 September 2018**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	1,779.83	2,003.79	1,999.51	1,781.48	1,888.73	1,880.55	1,885.19	1,884.55
	31 March 2018		**31 March 2018**		**31 March 2018**		**31 March 2018**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	1,985.87	2,239.42	2,233.82	1,987.83	2,104.79	2,104.26	2,104.67	2,104.51
	31 March 2017		**31 March 2017**		**31 March 2017**		**31 March 2017**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	1,981.33	2,243.75	2,234.88	1,980.61	2,083.09	2,085.09	2,083.67	2,083.64
	31 March 2016		**31 March 2016**		**31 March 2016**		**31 March 2016**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	50% increase of attrition rate	50% decrease of attrition rate	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	2,083.50	2,260.91	2,250.63	2,090.59	2,152.33	2,153.62	2,153.37	2,153.27

Gratuity plan (in case of Subsidiary Company)

	30 September 2018		**30 September 2018**		**30 September 2018**		**30 September 2018**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	1,691.26	1,797.11	1,797.45	1,690.49	1,746.99	1,737.11	1,742.67	1,742.02
	31 March 2018		**31 March 2018**		**31 March 2018**		**31 March 2018**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	1,812.29	1,925.46	1,925.09	1,812.12	1,867.27	1,866.30	1,866.90	1,866.81
	31 March 2017		**31 March 2017**		**31 March 2017**		**31 March 2017**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	1,894.55	2,011.22	2,010.60	1,894.62	1,949.67	1,952.04	1,950.81	1,950.87
	31 March 2016		**31 March 2016**		**31 March 2016**		**31 March 2016**	
Assumptions	**Discount rate**		**Future salary increases**		**Attrition rate**		**Mortality rate (in %)**	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	1,956.23	2,031.77	2,031.37	1,956.03	1,993.90	1,990.26	1,993.14	1,993.06

A quantitative sensitivity analysis for significant assumption for the Group is as shown below:

Provident Fund

	30 September 2018		**31 March 2018**		**31 March 2017**		**31 March 2016**	
Assumptions	**Interest Rate Guarantee**		**Interest Rate Guarantee**		**Interest Rate Guarantee**		**Interest Rate Guarantee**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	12,513.46	11,931.14	12,668.06	12,083.29	12,050.52	11,494.21	12,358.28	11,812.17

Post retirement medical benefit plan

	30 September 2018		**30 September 2018**		**31 March 2018**		**31 March 2018**	
Assumptions	**Discount rate**		**Mortality rate (in %)**		**Discount rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	49.09	55.38	50.68	53.61	51.59	58.20	53.26	56.33
	31 March 2017		**31 March 2017**		**31 March 2016**		**31 March 2016**	
Assumptions	**Discount rate**		**Mortality rate (in %)**		**Discount rate**		**Mortality rate (in %)**	
Sensitivity Level	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate	1% increase	1% decrease	10% increase of mortality rate	10% decrease of mortality rate
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Impact on defined benefit obligation	47.64	53.66	49.11	52.00	125.70	140.92	129.30	136.72

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Maturity profile of defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

	Gratuity				**Post retirement medical benefit plan**			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
	INR in lakhs	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**	**INR in lakhs**
Within the next 12 months (next annual reporting period)	536.63	445.64	325.26	1,047.84	5.83	5.84	5.25	15.72
Between 1 to 5 years	2,253.54	2,138.31	2,659.50	2,568.25	21.07	21.19	19.10	57.78
Between 5 to 10 years	1,100.02	1,228.24	1,516.10	1,478.18	20.63	20.94	18.98	58.38
Beyond 10 years	3,543.97	3,429.17	3,181.46	1,256.97	25.49	26.83	25.58	83.28

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (31 March 2018: 6 years; 31 March 2017: 6 years; 31 March 2016: 3.78 to 4 years).

33. Commitments and contingencies

a. Leases:

Operating Lease - as lessee

i) The Parent Company has entered into the operating leases on certain godowns, office premises, Retail outlets and vehicles with lease term between 1 to 15 years and are renewable / cancellable at the option of either of parties. The Parent Company also has the option, under some of its leases, to lease the assets for additional term of 3 to 5 years. There are no restrictions imposed by the lease arrangements. There are no subleases.

The aggregate amount of operating lease payments recognized in the statement of profit and loss (including minimum lease payment) is INR 1,159.81 lakhs (31 March 2018: INR 2,026.43 lakhs; 31 March 2017: INR 2,875.04 lakhs; 31 March 2016: INR 3,017.63 lakhs).

ii) In case of a subsidiary company there are operating lease arrangements for storage, warehouse and office premises. These leases are for a period of upto 72 months with options of renewal and premature termination with notice period, except in certain leases with lock-in period of 36 to 72 months. There are no restrictions placed upon the subsidiary company by entering into these leases. There are no sub-leases. The total lease rentals expense for the year ended 30 September 2018 is INR 489.04 lakhs (31 March 2018: INR 962.69 lakhs; 31 March 2017: INR 1,248.38 lakhs; 31 March 2016: INR 1,091.39 lakhs).

iii) In case of Parent Company and a subsidiary company, Future minimum rental payable under non cancellable operating lease are as follows:

(INR in lakhs)

		30 September 2018	31 March 2018	31 March 2017	31 March 2016
i)	Lease payments for the period	46.25	89.38	58.08	2.14
ii)	Payable for a period not later than one year	93.28	92.90	99.60	3.38
iii)	Payable for a period later than one year and not later than 5 years	33.15	76.13	156.33	-
iv)	Payable for the period later than 5 years	-	-	-	-

Operating Lease - as lessor

A subsidiary company has entered into cancellable operating leases in respect of a portion of its land and building. These leases include clause to enable upward revision of rental charge on an annual basis. The total rents recognised by the subsidiary as income during the period ended 30 September 2018 is INR 37.08 lakhs (31 March 2018: INR 84.17 lakhs; 31 March 2017: INR 81.12 lakhs; 31 March 2016: INR 77.88 lakhs).

b. Contingent Liabilities:

Claims against the Group not acknowledged as debts

(INR in lakhs)

		30 September 2018	31 March 2018	31 March 2017	31 March 2016
I	**Demands / Claims from Government Authorities ***				
(A)	**Demands from Income Tax Authorities**				
i)	Demands in respect of assessment year 2012-2013 for which an appeal is pending with CIT (Appeals)	1,565.30	1,565.30	1,565.30	1,565.30
ii)	Demands in respect of assessment year 2013-2014 for which an appeal is pending with CIT (Appeals)	367.43	367.43	367.43	367.43
iii)	Demands in respect of assessment year 2014-2015 for which an appeal is pending with CIT (Appeals)	370.76	370.76	78.56	-
iv)	Disputed income tax liability in respect of a subsidiary company of assessment year 2014-15	358.04	358.04	358.04	-
v)	Disputed income tax liability in respect of a subsidiary company of assessment year 2009-10	-	-	-	427.77
vi)	Disputed income tax liability in respect of a subsidiary company of assessment year 2008-09	-	-	111.84	-
vii)	TDS demand for late filling of TDS for financial year 2017-18	-	2.86	-	-
viii)	Income-tax advance to Zuari Global Limited against earlier years demand pertains to fertiliser business in relation to demerger happened in financial year 2011-12	2,222.40	2,388.67	-	-
(B)	**Demands from Sales Tax and Other Authorities**	-			
i)	Demand Notice from Commercial Tax Department, Maharashtra towards financial year 2011-12	2.87	2.87	2.87	2.87
ii)	Exparte Order received from Commercial Tax Department Lucknow, UP for the month of May 2016 to July 2016, September 2016, October 2016 & December 2016.	14.34	14.34	-	-
iii)	Penalty order received for delay in payment of tax from Commercial Tax Department Lucknow, UP towards financial year 2016-17	9.23	9.23	-	-
iv)	Demand Notice from Commercial Tax Department, Andhra Pradesh towards financial year 2015-16	-	1.90	-	-
v)	Demand Notice from Commercial Tax Department, Chhattisgarh towards financial year 2012-13	0.08	0.08	-	-
vi)	Disputed customs duty liability under appeal by a subsidiary company before CESTAT	358.89	90.60	90.60	90.60
vii)	Demand Notice from Commercial Tax Department, Jaipur towards non submission of "F Form" for the years 2010-11, 2011-12 & 2012-13 in respect of Company	96.77	96.77	96.77	96.77
viii)	Demand notice from Commercial Tax Department, Jaipur towards Excess Input Tax Credit availed for the years 2011-12 & 2012-13 in respect of Company	32.10	32.10	32.10	22.33
ix)	Demand notice from Commercial Tax Department, Madhya Pradesh towards non submission of "C Form" for the year 2013-14 of the Company	2.48	2.48	2.48	2.48
x)	Demand notice from Commercial Tax Department, Maharashtra towards non submission of "F Form" for the year 2012-13 of the Company	-	-	1.81	-
xi)	Demand notice from commercial tax department Kerala towards Conceded an interstate stock transfer (Out) of taxable items for the year 2009-10 of the Company	15.52	15.52	15.52	-
xii)	Demand Notice from commercial tax department Meerut, UP towards financial year 2009-10	52.76	52.76	-	-
xiii)	Demand notice from Customs department, Mumbai towards non eligibility of exemption under notification no. 04/06–CE dated 1 March 2006 (as amended by notification no. 4/2011–CE dated 1 March 2011) towards Counter–Vailing Duty (CVD) for the imports at Navasheva port for the period 24 March 2011 to 2 December 2011. Appeal filed with West Zonal Branch of the Customs, Excise and Service Tax Appellate Tribunal at Mumbai for waiver of pre–deposit and penalty. Tribunal has passed order in favour of assessee directing the Parent Company to deposit INR 1.00 lakh and pre-deposit of penalty is waived and recovery thereof is stayed during pendency of the appeal. Also the impugned order was set aside and matter is remanded to the Commissioner (Appeals) for deciding the appeal on merit. Commissioner of Customs (Appeals) uphold order passed by the Additional Commissioner of Customs (Import) and rejected the Appeal. Appeal filed before CESTAT Mumbai against the impugned order.	26.10	26.10	26.10	26.10
xiv)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 1 April 2001 to 28 February 2006. The Company has filed appeal with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre-deposit and stay of impugned order	284.74	284.74	284.74	284.74

(INR in lakhs)

		30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
xv)	Demand notice from Customs Department, Chennai towards denial of import of MOP at concessional rate of duty for the period 2002–03 and 2003–04. Appeal filed with South Regional branch of the Customs, Excise and Service Tax Appellate Tribunal at Bangalore for waiver of pre–deposit and stay of impugned order	148.28	148.28	148.28	148.28
xvi)	Customs Duty Differential on finalised Bill of Entries–Dharamatar Port–Order by Deputy Commissioner of Customs(P) Alibaug Division in respect of Parent Company. Impugned order is annulled by Commissioner of Customs (Appeals) with directions to the lower authority to adhere to the directions of the Hon'ble High Court of Bombay and pass a speaking order on merits.	71.02	71.02	67.37	67.37
xvii)	Entry tax demand for assessment year 2012-13	0.08	0.08	-	-
xviii)	Demand Notice from commercial tax department Meerut, UP towards financial year 2013-14 on account of tax rate difference	16.40	-	-	-
xix)	Demand Notice from commercial tax department Meerut, UP towards financial year 2014-15 on account of tax rate difference	550.00	-	-	-
xx)	Demand notice from Sales Tax Department, Baramati towards ITC claim disallowed for the period 1 April 2013 - 31 March 2014	5.48	-	-	-
xxi)	Demand notice from CGST, Goa on account of GST refund on services under inverted duty structure from July 2017 to March 2018 towards financial year 2017-18	2,767.33	-	-	-
xxii)	The Parent Company had a long term agreement for supply of water with Public Works Department (PWD), Government of Goa (GOG), dated 20 October 2006 which is valid upto 31 March 2016. Since PWD was not able to supply the daily required quantity of 10,000 M3, the Company had entered into another agreement on 28 March 2014 with Water Resource Department (WRD), Govt of Goa. Consequently, the Company had made representation for revision in the Contract with PWD, GOG for revision of minimum daily quantity from 8,500 M3 to 1,500 M3 effective 1 May 2014, however, in absence of revision in agreement PWD, GOG has continued with raising invoices with daily minimum quantity of 8,500 M3. The Company is given to understand that proposal for revision of the agreement with PWD, GOG is in active consideration, hence Company has been paying them monthly for minimum quantity of 1,500 M3	6,517.96	5,451.35	3,551.12	2,050.29
xxiii)	Demand notice from Commissioner of Central Excise towards classification of micronutrients for the period April 2012 to March 2016 in respect of subsidiary company	638.75	638.75	-	-
xxiv)	Demand notice from Commissioner of Central Excise, Mangalore towards considering subsidy as assessable value and accordingly demanding of excise duty for the period March 2011 to September 2012 in respect of subsidiary company	4,700.16	4,700.16	4,700.00	4,700.00
xxv)	Demand notice from Authority on Advance Ruling(AAR), Bangalore towards entry tax on DG sets, WHRB & auxilliaries for the period January 2012 to July 2014 in respect of subsidiary company	357.68	-	-	-
xxvi)	Demand notice from Commissioner of Customs towards refund of excess duty paid in Import of phosphoric acid from OCP, Morocco at Mangalore port for the period October 2016 to December 2016 in respect of subsidiary company	43.80	-	-	-
xxvii)	Govt. of Karnataka & others towards minimum wages for the period Jan 2018 to Sep 2018 in respect of subsidiary company	410.00	-	-	-
xxviii)	Demand notice from Union of India / Controller of Legal Metrology, Bangalore towards non rounding off the MRP on 24004 bags for the month of October 2011 and August 2012 in respect of subsidiary company	206.00	-	-	-
xxix)	Demand notice from Assistant Commissioner of Central Excise towards classification dispute of Outdoor catering service as "Man Power Supply" for the period April 2014 to March 2015 in respect of subsidiary company	9.27	-	-	-
xxx)	Demand notice from Assistant Commissioner of Central GST towards classification dispute of mechanism of transportation of micronutrients as non- fertilisers for the period April 2013 to March 2016 in respect of subsidiary company	6.31	-	-	-
II	**Other claims against the Group not acknowledged as debts***				
i)	Claims against the group not acknowledged as debts	101.24	101.24	1.23	88.02
ii)	Bonus for 2014-15 pursuant to amendment to payment of Bonus Act, 1965 of a subsidiary company	6.37	6.37	6.03	6.03

* Based on discussions with the solicitors/ favourable decisions in similar cases/ legal opinions taken by the Group, the Management does not expect these claims to succeed and hence, no provision there against is considered necessary.

(III) Financial Guarantees:

(INR in lakhs)

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Aggregate amount of guarantees issued by the banks to various Government Authorities and Others**	4,053.60	11,889.23	14,834.37	16,211.99

** In respect of Parent Company, bank guarantees of INR 1,316.70 lakhs (31 March 2018: INR 7,902.33 lakhs; 31 March 2017: INR 12,522.48 lakhs; 31 March 2016: INR 15,497.92 lakhs) are secured by a charge created by way of hypothecation on the current assets, both present and future, wherever situated pertaining to the Parent Company and the Parent Company's present and future book debts outstanding, moneys receivable, claims, bills, contracts, engagements, rights and assets.

IV. The Parent Company has given a letter of Comfort to Ratnakar Bank Limited for the purpose of facilitating the loans of INR Nil (31 March 2018: INR Nil; 31 March 2017: INR Nil; 31 March 2016: INR 2,000.00 lakhs) taken by Gobind Sugar Mills Limited.

V. The Parent Company had received a demand of INR 5,293.00 lakhs (31 March 2018: INR 5,293.00 lakhs; 31 March 2017: INR 5,293.00 lakhs; 31 March 2016: INR 5,293.00 lakhs) from Gas Authority of India Limited (GAIL) toward Take or Pay obligation. Even prior to receiving this demand, the Company has represented to GAIL to reduce the annual contractual quantity based on which the Company is confident that the Take or Pay amount will be substantial lower. Further, in terms of Contract with GAIL, this Take or Pay amount can be utilised for future Make up Gas supplies. The Parent Company is in discussion with GAIL to reduce / waive the Take or Pay charges, hence no provision has been made for the aforesaid demand amount.

c. Commitment:

(INR in lakhs)

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	19,764.64	6,408.73	7,302.01	6,971.63

34. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported periods are:

(i) Joint ventures of the Group

1) Paradeep Phosphates Limited – Subsidiary of Zuari Maroc Phosphates Private Limited

(ii) Key Management Personnel of the Group

1) Mr. Saroj Kumar Poddar - Chairman
2) Mr. Kapil Mehan – Managing Director (w.e.f. 1 April 2015 upto 3 June 2017)
3) Mr. N. Suresh Krishnan – (Managing Director (w.e.f. 1 January 2016) of the subsidiary company and Non-Executive Director of the Parent Company)
4) Mr. Akshay Poddar - Non-Executive Director
5) Mr. V.Seshadri - Vice President - Finance (upto 1 July 2016)
6) Mr. Sandeep Agrawal - Chief Financial Officer (w.e.f. 1 July 2016)
7) Mr. R.Y. Patil - Chief General Manager and Company Secretary (till May 2016)
8) Mr. R.Y. Patil - Vice President and Company Secretary (w.e.f June 2016)
9) Mr. Marco Wadia - Independent Director
10) Mr. Gopal Krishna Pillai - Independent Director
11) Mr. J.N. Godbole - Independent Director
12) Ms. Kiran Dhingra - Independent Director
13) Mr. Sunil Sethy - Additional Director w.e.f 28 July 2017 & Managing Director w.e.f 1 August 2017
14) Mr. K. Prabhakar Rao, (Whole-time director of the subsidiary company)
15) Mr. T.M. Muralidharan, (Chief Financial Officer of the subsidiary company)
16) Mr. Vijayamahantesh Khannur, Company Secretary (effective August 6, 2015) of the subsidiary company
17) Mr. K Raghuveeran, Company Secretary (till June 30, 2015) of the subsidiary company

(iii) Enterprises in which directors/shareholders are interested:

1) Adventz Foundation

(iv) Parties having significant influence

1) Zuari Global Limited
2) Indian Furniture Products Limited (IFPL)
3) Forte Furniture Products (India) Private Limited (joint venture of IFPL w.e.f. 01 February 2017)
4) Simon India Limited
5) Zuari Management Services Limited
6) Zuari Infraworld India Limited
7) Zuari Investments Limited
8) Gobind Sugar Mills Limited (subsidiary of Zuari Investment Limited)
9) Zuari Indian Oil Tanking Private Limited (joint venture of Zuari Global Limited)
10) Adventz Industries India Limited

(v) Details of Post Employment Benefit Plans managed through separate trusts (para 9 (b) (v) of Ind AS 24)

1) Zuari Industries Limited Employee Provident Fund
2) Zuari Industries Limited Senior Staff Superannuation Fund
3) Zuari Industries Limited Non Management Employees Pension Fund
4) Zuari Industries Limited Gratuity Fund
5) MCF Ltd Employees Gratuity Fund Trust
6) MCF Ltd Employees Superannuation Trust

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016
Following transactions were carried out with related parties in the ordinary course of business during the period/ years:

(INR in lakhs)

S. No	Transaction details	Period ended 30th September 2018					Year ended 31 March 2018					Year ended 31 March 2017					Year ended 31 March 2016				
		Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
A. 1	**Transactions of Parent Company and its Subsidiaries with their related parties (whether or not eliminated):** **Expenses incurred on their behalf**																				
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	1.08	-	-	-	-	81.45	-	-
	- Paradeep Phosphates Limited	-	168.26	-	-	-	-	221.95	-	-	-	-	106.46	-	-	-	-	764.91	-	-	-
	- Gobind Sugar Mills Limited	-	-	9.39	-	-	-	-	379.64	-	-	-	-	287.69	-	-	-	-	-	-	-
	- Simon India Limited	-	-	-	-	-	-	-	-	-	-	-	-	1.04	-	-	-	-	-	-	-
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.12	-	-
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	12.40	-	-	-	-	-	-	-	-	-	16.44	-	-	-	-	836.92	-	-	-	-
	- Zuari Agro Chemicals Limited (in MCFL books)	1.27					26.50					17.37					9.64				
2	**Expenses incurred on our behalf**																				
	- Paradeep Phosphates Limited	-	19.75	-	-	-	-	193.28	-	-	-	-	394.39	-	-	-	-	96.81	-	-	-
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	160.17	-	-
	- Gobind Sugar Mills Limited	-	-	0.26	-	-	-	-	0.58	-	-	-	-	1.19	-	-	-	-	9.35	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12.16	-	-
	- Zuari Investment Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.24	-	-	-	-	0.22	-	-
	- Zuari Infraworld India Limited	-	-	-	-	-	-	-	47.87	-	-	-	-	-	-	-	-	-	0.01	-	-
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)^	940.70	-	-	-	-	2.46	-	-	-	-	53.14	-	-	-	-	98.33	-	-	-	-
	- Zuari Agro Chemicals Limited (in MCFL books)	951.98					241.80					21.37					49.35				
	- Mr. S.K. Poddar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.13
	- Mr. Arun Duggal					24.00					48.00					24.00					
3	**Director deposit given**																				
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	-	-	-	-	-
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	-	-	-	-	-
4	**Director deposit received**																				
	- Zuari Global Limited	-	-	-	-	-	-	-	1.00	-	-	-	-	-	-	-	-	-	1.00	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	-	-	1.00	-	-
5	**Service charges paid**																				
	- Zuari Management Services Limited	-	-	350.68	-	-	-	-	118.08	-	-	-	-	-	-	-	-	-	198.35	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.26	-	-
	- Zuari Infraworld India Limited	-	-	-	-	-	-	-	-	-	-	-	-	14.32	-	-	-	-	-	-	-
	- Adventz Industries India Limited	-	-	-	-	-	-	-	-	-	-	-	-	447.61	-	-	-	-	0.01	-	-
6	**Loans/ Advances given**																				
	- Zuari Infraworld India Limited	-	-	-	-	-	-	-	-	-	-	-	-	35.01	-	-	-	-	-	-	-
	- Adventz Trading DMCC	-	-	-	-	-	171.22	-	-	-	-	-		-	-	-					
7	**Transfer of Employee benefits**																				
	- Paradeep Phosphates Limited	-	13.53	-	-	-	-	76.59	-	-	-	-	10.87	-	-	-	-	-	-	-	-
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	-	-	-	-	-	13.21	-	-	-	-										
	- Zuari Global Limited			8.06																	
8	**Advance given received back**																				
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	11,920.00	-	-	-	-	-	-	-

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016
Following transactions were carried out with related parties in the ordinary course of business during the period/ years:

(INR in lakhs)

S. No	Transaction details	Period ended 30th September 2018					Year ended 31 March 2018					Year ended 31 March 2017					Year ended 31 March 2016				
		Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
9	**Purchase of finished goods**																				
	- Paradeep Phosphates Limited	-	2,388.34	-	-	-	-	12,769.43	-	-	-	-	16,959.52	-	-	-	-	64.72	-	-	-
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	3,640.03	-	-	-	-	4,054.02	-	-	-	-	4,158.63	-	-	-	-	87.11	-	-	-	-
	- Zuari Agro Chemicals Limited (in MCFL books)						3,697.47					13,641.64					26,108.39				
10	**Purchase of raw materials**																				
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	38.86	-	-	-	-	-	-	-	-	-	72.46	-	-	-	-	92.20	-	-	-	-
	- Paradeep Phosphates Limited		14,444.30																		
11	**Rebate received on purchase of finished goods**																				
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	6.39					-														
	- Paradeep Phosphates Limited	-	2.15	-	-	-	-	270.95	-	-	-	-	-	-	-	-	-	142.31	-	-	-
12	**Sale of Finished Goods**																				
	- Gobind Sugar Mills Limited	-	-	272.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	593.92	-	-
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	-	-	-	-	-	3,685.08	-	-	-	-	13,903.50	-	-	-	-	25,270.67	-	-	-	-
	- Paradeep Phosphates Limited	-	10,283.20	-	-	-	-	345.33	-	-	-	-	5,124.24	-	-	-	-	36.86	-	-	-
	- Zuari Agro Chemicals Limited (in MCFL books)	3,946.23					3,212.16					4,476.84					294.36				
13	**Purchase of Fixed Assets**																				
	- Indian Furniture Products Limited	-	-	143.72	-	-	-	-	189.20	-	-	-	-	52.82	-	-	-	-	144.86	-	-
	- Forte Furniture Products (India) Private Limited	-	-	-	-	-	-	-	0.90	-	-	-	-	-	-	-					
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.70	-	-	-	-	-	-	-
14	**Interest Paid**																				
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	-	0.04	-	-	-	-	0.04	-	-	-	-	0.04	-	-
	- Paradeep Phosphates Limited	-	481.36	-	-	-	-	304.77	-	-	-	-	69.76	-	-	-	-	-	-	-	-
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	307.56	-	-	-	-	269.93	-	-	-	-	54.17	-	-	-	-	-	-	-	-	-
	- Zuari Agro Chemicals Limited (in Adventz Trading DMCC's books)	12.06	-	-	-	-	11.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	- Zuari Agro Chemicals Limited (in MCFL books)											771.69					1,998.89				
15	**Interest Accrued/Received on loan/ deposit/ trade receivable**																				
	- Gobind Sugar Mills Limited	-	-	79.48	-	-	-	-	119.66	-	-	-	-	104.40	-	-	-	-	94.37	-	-
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	-	-	-	-	-	-	-	-	-	-	677.78	-	-	-	-	1,810.16	-	-	-	-
	- Paradeep Phosphates Limited	-	189.19	-	-	-	-	-	-	-	-	-	20.08	-	-	-	-	-	-	-	-
	- Adventz Trading DMCC	12.31	-	-	-	-	11.95	-	-	-	-	-	-	-	-	-					
	- Zuari Global Limited			34.72																	
	- Indian Furniture Products Limited			42.00																	
	- Zuari Agro Chemicals Limited (in MCFL books)	307.56					269.93					153.84					-				
16	**Service Income Received**																				
	- Paradeep Phosphates Limited		167.11	-	-	-		93.30	-	-	-		19.96	-	-	-	-	-	-	-	-
	- Zuari Agro Chemicals Limited (in MCFL books)																3.71				
17	**Rent Paid**																				
	- Zuari Global Limited	-	-	21.47	-	-	-	-	52.84	-	-	-	-	84.27	-	-	-	-	48.08	-	-
	- Zuari Infraworld India Limited			19.36																	
	- Gobind Sugar Mills Limited	-	-	1.20	-	-	-	-	2.16	-	-	-	-	2.40	-	-	-	-	-	-	-
18	**Purchase of Investments**																				
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	6,335.93	-	-	-	-	-	-	-

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016
Following transactions were carried out with related parties in the ordinary course of business during the period/ years:

(INR in lakhs)

S. No	Transaction details	Period ended 30th September 2018					Year ended 31 March 2018					Year ended 31 March 2017					Year ended 31 March 2016				
		Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
19	**Advance given for purchase of Land**																				
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	3,209.13	-	-	-	-	-	-	-
20	**Income Tax given for Tax Liability**																				
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	2,533.85	-	-	-	-	-	-	-
20	**Dividend Paid**																				
	- Zuari Global Limited	-	-	-	-	-	-	-	84.12	-	-	-	-	-	-	-	-	-	168.23	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	50.79	-	-	-	-	-	-	-	-	-	101.58	-	-
	- Zuari Agro Chemicals Limited (in MCFL books)	628.43	-	-	-	-	314.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	**Dividend received**																				
	- Mangalore Chemicals and Fertilizers Limited (in ZACL Books)	628.43	-	-	-	-	314.22	-	-	-	-	-	-	-	-	-	377.06				
22	**Contribution to Gratuity Fund**	-	-	152.86	-	-	-	-	288.43	-	-	-	-	215.36	-	-	-	-	422.00	-	-
23	**Contribution to Superannuation Fund**	-	-	144.62	-	-	-	-	272.32	-	-	-	-	182.26	-	-	-	-	285.49	-	-
24	**Contribution to Provident Fund (including employees contribution)***	-	-	455.37	-	-	-	-	846.87	-	-	-	-	842.17	-	-	-	-	811.85	-	-
25	**Contribution to Contributory Pension Fund (including employees contribution)**	-	-	46.77	-	-	-	-	108.59	-	-	-	-	58.52	-	-	-	-	126.42	-	-
26	**Contributions made to Adventz Foundation**	-	-	-	-	-	-	-	-	-	-	-	-	30.00	-	-	-	-	-	-	-
27	**Accrued Service Income**																				
	- Zuari Indian Oiltanking Private Limited	-	-	-	-	-	-	-	4.12	-	-	-	-	22.73	-	-	-	-	37.78	-	-

*Contribution to Provident fund includes amount contributed by Zuari Global Limited
^ Expense incurred by subsidiary Mangalore Chemicals & Fertilizers Limited on our behalf during the period ended 30 September 2018 includes INR 939.43 lakhs paid by it to the Parent Company (Refer Note 53)
The transactions of sale and purchases with related parties are made on terms equivalent to those prevailing in arm's length transactions. The outstanding balances at the period end of trading activities are generally unsecured. Interest is charged as per terms of the contract with the related parties which is at arm's length. The net outstanding balances are settled generally in cash.
There have been no guarantees provided or received for any related party receivables or payables.
For the period ended 30 September 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: INR Nil; 31 March 2017: INR Nil; 31 March 2016: INR Nil).

Compensation of key management personnel of the Group *

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Short-term employee benefits	480.96	685.43	458.01	490.42
Retirement benefits	4.90	14.55	45.16	31.53
Sitting fee	34.60	55.74	52.74	38.76
Total compensation paid to key management personnel	**520.46**	**755.72**	**555.91**	**560.71**

*The amount disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for the gratuity & compensated absence is provide on an actuarial basis for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable & therefore not included above.

S. No	Transaction details	Period ended 30th September 2018					Year ended 31 March 2018					Year ended 31 March 2017					Year ended 31 March 2016				
		Subsidiary of Joint Venturer	Joint Venturer of Holding Company	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiary of Joint Venturer	Joint Venturer of Holding Company	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiary of Joint Venturer	Joint Venturer of Holding Company	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiary of Joint Venturer	Joint Venturer of Holding Company	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
B.	**Transactions of Joint Venture entity with its related parties:**																				
	Purchase of raw material																				
	Indo Maroc Phosphore S.A. Morocco		24,001.95					19,274.58					31,501.19					8,071.36			
	OCP, Morocco		19,983.60					56,172.21					53,066.23					1,23,905.89			
	Phosphates De Boucraa SA		26,876.46						29,509.63					27,415.16							
	Jorf Fertiliser SA								2,098.15					2,118.86							
	Pakistan Maroc Phosphore SA		2,300.77																		
	Purchase of trading material																				
	Zuari Agro Chemicals Limited		10,035.80					0.89					5,111.43					38.71			
	Mangalore Chemicals and Fertilizers Limited	192.74					576.15														
	Sale of goods																				
	Zuari Agro Chemicals Limited (net of rebate)		14,444.30					12,483.38					8,533.51					(74.68)			
	Mangalore Chemicals and Fertilizers Limited	1,057.73										8,382.69									
	Expenses incurred on our behalf																				
	Indo Maroc Phosphore S.A. Morocco		2.57					63.76					42.55					21.63			
	OCP, Morocco		146.83					317.74					69.97					87.96			
	Phosphates De Boucraa SA		308.32						176.17					124.06							
	Zuari Management Services Limited			172.54					51.36										30.29		
	Indian Furniture Products Ltd								6.45					8.30					10.58		
	Texmaco Rail Limited				2.58					5.29					8.08					5.14	
	Zuari Global Limited																		0.04		
	Zuari Agro Chemicals Limited		105.98					208.86					205.83					114.80			
	Mangalore Chemicals and Fertilizers Limited						0.40					0.07									
	Simon India Limited																			2.27	
	Expenses incurred on their behalf																				
	Zuari Infraworld India Limited								0.45												
	Zuari Agro Chemicals Limited		32.13					332.85					660.36								
	Mangalore Chemicals and Fertilizers Limited	3.96					7.11					394.84									
	Interest income received																				
	Zuari Agro Chemicals Limited		481.36					258.60					65.34								
	Mangalore Chemicals and Fertilizers Limited						7.07					14.61									
	Interest expense																				
	Zuari Agro Chemicals Limited												35.58					-			

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016
Following transactions were carried out with related parties in the ordinary course of business during the period/ years:

(INR in lakhs)

S. No	Transaction details	Period ended 30th September 2018					Year ended 31 March 2018					Year ended 31 March 2017					Year ended 31 March 2016				
		Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Subsidiaries/ Holding Company	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
	Brand Commission Expense																				
	Zuari Agro Chemicals Limited		76.83					103.92					19.96								
	Advances written back																				
	OCP, Morocco												18.85					105.78			
	Construction and erection of fixed assets and supply of plant and machinery																				
	Indian Furniture Product Limited																		7.23		
	Simon India Limited				71.81					3,112.60					2,572.81					9,173.27	

Compensation of key management personnel of the Joint Venture *

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Employee benefits	80.52	208.77	216.23	204.26
Sitting fee	-	6.95	8.35	8.05
Total compensation paid to key management personnel	**80.52**	**215.72**	**224.58**	**212.31**

*The amount disclosed above are the amounts recognised during the reporting period related to key management personnel. As the liabilities for the gratuity & compensated absence is provide on an actuarial basis for the JV as a whole, the amount pertaining to the key management personnel is not ascertainable & therefore not included above.

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016

Balance Outstanding for the period ended 30 September 2018 and for the years ended 31 March 2018; 31 March 2017 and 31 March 2016

(INR in lakhs)

Sl. No	Transaction details	Balance Outstanding as on 30 September 2018					Balance Outstanding as on 31 March 2018					Balance Outstanding as on 31 March 2017					Balance Outstanding as on 31 March 2016				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel
1	**As Trade Payables**																				
	- Zuari Maroc Phosphates Private Limited																-	18.67	-	-	-
	- Zuari Management Services Limited	-	-	64.52	-	-	-	-	14.27	-	-	-	-	-	-	-	-	-	-	-	-
	- Gobind Sugar Mills Limited	-	-	-	-	-	-	-	-	-	-	-	-	2.34	-	-	-	-	1.18	-	-
	- Paradeep Phosphates Limited	-	24,932.55	-	-	-	-	10,809.89	-	-	-	-	9,234.77	-	-	-	-	76.95	-	-	-
	- Forte Furniture Products (India) Private Limited	-	-	-	-	-	-	-	0.90	-	-	-	-	-	-	-					
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	27.62	-	-
	- Zuari Global Limited		-	8.26	-	-		-	-	-	-		-	0.16	-	-	-	-	0.16	-	-
	- Zuari Investments Limited	-	-	0.20	-	-	-	-	0.20	-	-	-	-	0.21	-	-	-	-	-	-	-
2	**As Trade Receivable/Other Receivable**																				
	- Gobind Sugar Mills Limited	-	-	1,166.96	-	-	-	-	989.24	-	-	-	-	742.40	-	-	-	-	742.44	-	-
	- Paradeep Phosphates Limited	-	-	-	-	-	-	16.09	-	-	-	-	52.79	-	-	-	-	53.71	-	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.83	-	-
3	**As Advances Recoverable**																				
	- Adventz Industries India Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.05	-	-
	- Indian Furniture Products Limited	-	-	700.00	-	-	-	-	700.00	-	-	-	-	7.14	-	-	-	-	-	-	-
	- Zuari Management Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.83	-	-	-	-	79.05	-	-
	- Zuari Infraworld India Limited	-	-	1.34	-	-	-	-	1.34	-	-	-	-	25.37	-	-	-	-	4.67	-	-
	- Zuari Global Limited	-	-	311.45	-	-	-	-	4.90	-	-	-	-	13.47	-	-	-	-	-	-	-
4	**Accrued Service Income**																				
	- Zuari Indian Oiltanking Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	198.31	-	-	-	-	377.83	-	-
5	**Advance against purchase of investments**																				
	- Zuari Global Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,920.00	-	-
6	**Interest Accrued/Received on loan/deposit/ trade receivable**																				
	- Gobind Sugar Mills Limited	-	-	397.99	-	-	-	-	289.08	-	-	-	-	198.78	-	-	-	-	94.37	-	-
	- Paradeep Phosphates Limited	-	189.47	-	-	-	-	-	-	-	-	-	20.08	-	-	-	-	-	-	-	-
	- Zuari Global Limited			34.71																	
	- Indian Furniture Products Limited			42.00																	

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016

Balance Outstanding for the period ended 30 September 2018 and for the years ended 31 March 2018; 31 March 2017 and 31 March 2016

(INR in lakhs)

Sl. No	Transaction details	Balance Outstanding as on 30 September 2018					Balance Outstanding as on 31 March 2018					Balance Outstanding as on 31 March 2017					Balance Outstanding as on 31 March 2016				
		Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel	Subsidiaries	Joint Ventures	Enterprises having Significant Influence	Enterprises owned or significantly influenced by key management personnel or their relatives	Key management personnel
7	**Capital Advance**																				
	- Zuari Global Limited (Advance for purchase of Land)	-	-	3,209.13	-	-	-	-	3,209.13	-	-	-	-	3,209.13	-	-	-	-	-	-	-
	- Indian Furniture Products Limited	-	-	-	-	-	-	-	-	-	-	-	-	700.00	-	-	-	-	700.00	-	-
8	**Advance given for Income Tax Liability**																				
	- Zuari Global Limited	-	-	2,222.40	-	-	-	-	2,533.85	-	-	-	-	2,533.85	-	-	-	-	-	-	-
9	**Capital Liability**																				
	- Indian Furniture Products Limited	-	-	25.27	-	-	-	-	89.13	-	-	-	-	11.52	-	-	-	-	-	-	-
10	**Deposits Given**																				
	- Zuari Infraworld India Limited	-	-	29.33	-	-	-	-	29.33	-	-	-	-	-	-	-					
11	**Deposit Received**																				
	- Gobind Sugar Mills Limited	-	-	0.50	-	-	-	-	0.50	-	-	-	-	0.50	-	-	-	-	0.50	-	-
12	**Interest payable**																				
	- Paradeep Phosphates Limited		481.36																		
13	**Gratuity Fund Balance**	-	-	2,323.03	-	-	-	-	2,528.89	-	-	-	-	2,654.01	-	-	-	-	2,776.90	-	-
14	**Provident Fund Balance***	-	-	12,459.69	-	-	-	-	12,358.43	-	-	-	-	11,749.51	-	-	-	-	12,049.03	-	-
15	**Superannuation Fund Balance**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.11	-	-
16	**Contributory Pension Fund Balance (including employees contribution)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.24	-	-

*Provident fund balance includes amount contributed by Zuari Global Limited

35 Segment Information

Information regarding primary segment reporting as per Ind AS-108

The Group is engaged in the business of manufacturing, trading and marketing of seeds, pesticides, chemical fertilizers and fertilizer products which according to the management, is considered as the only business segment. Accordingly, no separate segmental information has been provided herein.

Geographical Segments

The Group operates in India and therefore caters to the needs of the domestic market. Therefore, there is only one geographical segment and hence, geographical segment information is not required to be disclosed.

Revenue from single customer i.e. Government of India amounted to INR 198,474.88 lakhs (31 March 2018: INR 3,35,738.70 lakhs; 31 March 2017: INR 2,77,868.82 lakhs; 31 March 2016: INR 3,68,288.46 lakhs) arising from sales in the fertilizers segment.

36 Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR In lakhs)

	Carrying value				Fair value			
	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**	**30 September 2018**	**31 March 2018**	**31 March 2017**	**31 March 2016**
Financial assets								
Investments:								
Investment in quoted equity share at FVTOCI	3,210.64	4,985.37	6,259.95	-	3,210.64	4,985.37	6,259.95	-
Investment in unquoted equity share at FVTOCI	1,154.16	1,272.24	1,370.80	-	1,154.16	1,272.24	1,370.80	-
Others:								
Loans and advances to related parties and interest thereon	1,088.16	700.00	263.86	146.00	1,088.16	700.00	263.86	146.00
Employee loans and interest thereon	103.88	113.36	174.67	235.17	103.88	113.36	174.67	235.17
Security deposits	1,308.15	1,279.74	1,121.44	1,143.04	1,308.15	1,279.74	1,121.44	1,143.04
Foreign exchange forward covers	7,406.51	689.09	-	-	7,406.51	689.09	-	-
Claims receivable	4,708.39	4,708.40	4,783.42	3,263.23	4,708.39	4,708.40	4,783.42	3,263.23
Packing scheme incentive grant receivable	91.10	91.10	91.10	91.10	91.10	91.10	91.10	91.10
Other financial assets	22,695.23	16,528.40	18,024.62	26,097.38	22,695.23	16,528.40	18,024.62	26,097.38
Total financial assets	**41,766.24**	**30,367.71**	**32,089.87**	**30,975.93**	**41,766.24**	**30,367.71**	**32,089.87**	**30,975.93**
Financial Liabilities								
Borrowings								
Long term borrowings	90,627.70	67,230.65	66,887.48	66,652.93	90,627.70	67,230.65	66,887.48	66,652.93
Short term borrowings	3,18,053.00	3,83,494.64	3,62,989.81	4,38,077.19	3,18,053.00	3,83,494.64	3,62,989.81	4,38,077.19
Others:								
Foreign exchange forward covers	420.97	758.49	9,405.33	5,983.32	420.97	758.49	9,405.33	5,983.32
Payable towards voluntary retirement scheme	80.91	111.62	168.33	218.72	80.91	111.62	168.33	218.72
Other financial liabilities	19,407.73	18,200.47	16,498.55	16,619.16	19,407.73	18,200.47	16,498.55	16,619.16
Total financial liabilities	**4,28,590.32**	**4,69,795.88**	**4,55,949.50**	**5,27,551.33**	**4,28,590.32**	**4,69,795.88**	**4,55,949.50**	**5,27,551.33**

The management assessed that cash and cash equivalents, trade receivables and trade payables approximate their fair value largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The following methods and assumptions were used to estimate the fair values:

(i) Derivative financial instruments - The fair value of forward foreign exchange contracts is determined using the forward exchange rates at the balance sheet date. The fair value of foreign currency option contracts is determined using the Black Scholes valuation model. The derivatives are entered into with the banks counterparties with investment grade credit ratings.

(ii) Security deposits / Employee loans - The fair value of security deposits / employee loans approximates the carrying value and hence, the valuation technique and inputs have not been given.

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are as shown below:

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to fair value**
As on 30 September 2018				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 11.68% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 50.40 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 57.60 lakhs respectively.
As on 31 March 2018				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 11.61% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 24.48 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 28.08 lakhs respectively.
As on 31 March 2017				
Investment in Unquoted equity share of Indian Potash Limited	DCF Method	WACC and Long Term Growth Rate (LTGR)	WACC 11.18% & LTGR 4%	Increase in WACC and decrease in LTGR by 0.50% would result in decrease in fair value by INR 239.76 lakhs and decrease in WACC and increase in LTGR by 0.50% would result in increase in fair value by INR 316.80 lakhs respectively.

Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets: **(INR in lakhs)**

	30 September 2018	**31 March 2018**	**31 March 2017**	**31 March 2016**
Opening	**1,272.24**	**1,370.80**	**-**	**-**
Re-measurement loss recognised in OCI	(118.08)	(98.56)	-	-
Purchases	-	-	1,370.80	-
Reclassified in discontinued operations	-	-	-	-
Sales	-	-	-	-
Closing	**1,154.16**	**1,272.24**	**1,370.80**	**-**

37. Fair value measurements

(i) Financial instruments by category **(INR in lakhs)**

	30 September 2018			31 March 2018			31 March 2017			31 March 2016		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets												
Investments-												
Investment in quoted equity share at FVTOCI	-	3,210.64	-	-	4,985.37	-	-	6,259.95	-	-	-	-
Investment in unquoted equity share at FVTOCI	-	1,154.16	-	-	1,272.24	-	-	1,370.80	-	-	-	-
Loans and interest thereon	-	-	1,192.04	-	-	813.36	-	-	2,438.53	-	-	2,381.17
Security deposits	-	-	1,308.15	-	-	1,279.74	-	-	1,121.44	-	-	1,143.04
Trade receivables	-	-	3,31,220.33	-	-	3,39,990.46	-	-	3,43,896.94	-	-	4,02,319.03
Cash and cash equivalents	-	-	7,432.83	-	-	14,821.37	-	-	6,564.80	-	-	1,180.50
Bank balances other than above	-	-	4,079.73	-	-	2,129.50	-	-	666.18	-	-	731.25
Other receivables	-	-	34,901.24	-	-	22,017.00	-	-	20,899.14	-	-	27,451.72
Total Financial assets	**-**	**4,364.80**	**3,80,134.32**	**-**	**6,257.61**	**3,81,051.43**	**-**	**7,630.75**	**3,75,587.03**	**-**	**-**	**4,35,206.70**
Financial liabilities												
Borrowings	-	-	4,08,680.70	-	-	4,50,725.29	-	-	4,29,877.29	-	-	5,04,730.12
Trade payables	-	-	2,10,654.44	-	-	1,45,220.77	-	-	1,05,743.62	-	-	86,906.66
Foreign exchange forward covers	420.97	-	-	758.49	-	-	9,405.33	-	-	5,983.32	-	-
Payable for capital goods	-	-	991.21	-	-	1,219.15	-	-	767.42	-	-	2,092.32
Others	-	-	18,497.44	-	-	17,092.95	-	-	15,899.46	-	-	14,749.22
Total Financial liabilities	**420.97**	**-**	**6,38,823.78**	**758.49**	**-**	**6,14,258.15**	**9,405.33**	**-**	**5,52,287.79**	**5,983.32**	**-**	**6,08,478.32**

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets: **(INR in lakhs)**

	Fair value measurement using				**Fair value measurement using**			
	Date of Valuation (30 September 2018)				**Date of Valuation (31 March 2018)**			
	Total	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
		(Level 1)	**(Level 2)**	**(Level 3)**		**(Level 1)**	**(Level 2)**	**(Level 3)**
Assets measured at fair value:								
Investment in quoted equity share at FVTOCI	3,210.64	3,210.64			4,985.37	4,985.37		
Investment in unquoted equity share at FVTOCI	1,154.16	-	-	1,154.16	1,272.24	-	-	1,272.24
Assets for which fair values are disclosed								
Loans and advances to related parties and interest thereon	1,088.16	-	1,088.16	-	700.00	-	700.00	-
Employee loans and interest thereon	103.88	-	103.88	-	113.36	-	113.36	-
Security deposits	1,308.15	-	1,308.15	-	1,279.74	-	1,279.74	-
Foreign exchange forward covers	7,406.51	-	7,406.51	-	689.09	-	689.09	-
Claims receivable	4,708.39	-	4,708.39	-	4,708.40	-	4,708.40	-
Packing scheme incentive grant receivable	91.10	-	91.10	-	91.10	-	91.10	-
Other financial assets	22,695.23	-	22,695.23	-	16,528.40	-	16,528.40	-

There have been no transfers between level 1, level 2 and level 3 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities: **(INR in lakhs)**

	Fair value measurement using				**Fair value measurement using**			
	Date of Valuation (30 September 2018)				**Date of Valuation (31 March 2018)**			
	Total	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
		(Level 1)	**(Level 2)**	**(Level 3)**		**(Level 1)**	**(Level 2)**	**(Level 3)**
Liabilities measured at fair value								
Foreign exchange forward covers	420.97	-	420.97	-	758.49	-	758.49	-
Liabilities for which fair values are disclosed								
Long term borrowings	90,627.70	-	90,627.70	-	67,230.65	-	67,230.65	-
Short term borrowings	3,18,053.00	-	3,18,053.00	-	3,83,494.64	-	3,83,494.64	-
Payable towards voluntary retirement scheme	80.91	-	80.91	-	111.62	-	111.62	-
Other financial liabilities	19,407.73	-	19,407.73	-	18,200.47	-	18,200.47	-

There have been no transfers between level 1, level 2 and level 3 during the period.

Quantitative disclosures, fair value measurement hierarchy for assets: **(INR in lakhs)**

	Fair value measurement using				Fair value measurement using			
	Date of Valuation (31 March 2017)				Date of Valuation (31 March 2016)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value:								
Investment in quoted equity share at FVTOCI	6,259.95	6,259.95	-	-	-	-	-	-
Investment in unquoted equity share at FVTOCI	1,370.80	-	-	1,370.80	-	-	-	-
Assets for which fair values are disclosed								
Loans and advances to related parties and interest thereon	263.86	-	263.86	-	146.00	-	146.00	-
Employee loans and interest thereon	174.67	-	174.67	-	235.17	-	235.17	-
Security deposits	1,121.44	-	1,121.44	-	1,143.04	-	1,143.04	-
Claims receivable	4,783.42	-	4,783.42	-	3,263.23	-	3,263.23	-
Packing scheme incentive grant receivable	91.10	-	91.10	-	91.10	-	91.10	-
Other financial assets	18,024.62	-	18,024.62	-	26,097.38	-	26,097.38	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities: **(INR in lakhs)**

	Fair value measurement using				Fair value measurement using			
	Date of Valuation (31 March 2017)				Date of Valuation (31 March 2016)			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)
Liabilities measured at fair value								
Foreign exchange forward covers	9,405.33	-	9,405.33	-	5,983.32	-	5,983.32	-
Liabilities for which fair values are disclosed								
Long term borrowings	66,887.48	-	66,887.48	-	66,652.93	-	66,652.93	-
Short term borrowings	3,62,989.81	-	3,62,989.81	-	4,38,077.19	-	4,38,077.19	-
Payable towards voluntary retirement scheme	168.33	-	168.33	-	218.72	-	218.72	-
Other financial liabilities	16,498.55	-	16,498.55	-	16,619.16	-	16,619.16	-

There have been no transfers between level 1, level 2 and level 3 during the year.

38. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds investments and enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

The Group's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors (Committee of directors for Banking and Finance) provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at 30 September 2018; 31 March 2018; 31 March 2017 and 31 March 2016.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

-The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 September 2018; 31 March 2018; 31 March 2017 and 31 March 2016.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(INR In lakhs)

	Increase/ decrease in basis points	Effect on profit before tax			
		30 September 2018	31 March 2018	31 March 2017	31 March 2016
INR Borrowings	+50	(1,202.64)	(1,436.00)	(1,242.32)	(1,054.53)
USD Borrowings	+50	(207.30)	(738.74)	(827.01)	(1,193.87)
Euro Borrowings	+50	(26.14)	(28.48)	(30.06)	(36.36)
INR Borrowings	-50	1,202.64	1,436.00	1,242.32	1,054.53
USD Borrowings	-50	207.30	738.74	827.01	1,193.87
Euro Borrowings	-50	26.14	28.48	30.06	36.36

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group uses foreign exchange forward contracts to manage its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 7 months.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with INR , with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

For the period ended 30 September 2018 **(INR in lakhs)**

	Change in foreign currency rate	Effect on profit before tax			
		30 September 2018	31 March 2018	31 March 2017	31 March 2016
USD	+5%	(6,713.65)	(4,318.32)	(1,575.12)	(2,182.78)
	-5%	6,713.65	4,318.32	1,575.12	2,182.78
GBP	+5%	(13.39)	(4.10)	-	-
	-5%	13.39	4.10	-	-
EURO	+5%	(54.07)	-	(62.32)	(53.24)
	-5%	54.07	-	62.32	53.24

c) Commodity price risk

(i) The Group's operating activities require the ongoing purchase of natural gas. Natural gas being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. The Group is not affected by the price volatility of the natural gas as under the Urea pricing formula the cost of natural gas is pass through if the consumption of natural gas is with in the permissible norm for manufacturing of Urea.

(ii) The Group deals in purchase of imported fertilisers (i.e. DAP and MOP), which are imported by the Group and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

(iii) The Group also deals in purchase of imported raw materials (i.e. P2O5, Ammonia, Potash and Urea), which are imported by the Group and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

The Group’s listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group’s senior management on a regular basis. The Group’s Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was INR 1,154.16 lakhs (31 March 2018: INR 1,272.24 lakhs; 31 March 2017 INR 1,370.80 lakhs; 31 March 2016: Nil). Sensitivity analyses of these investments have been provided in Note 36.

At the reporting date, the exposure to listed equity securities at fair value was INR 3,210.64 lakhs (31 March 2018: INR 4,985.37 lakhs; 31 March 2017 INR 6,259.95 lakhs; 31 March 2016: Nil). A decrease of 5% on the BSE market price could have an impact of approximately INR 160.53 lakhs (31 March 2018: INR 249.27 lakhs; 31 March 2017: INR 313.01 lakhs; 31 March 2016: Nil) on the OCI or equity attributable to the Group. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables

The Group receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Group extends credit to customers in normal course of business. The Group considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Group monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Group has also taken security deposits from its customers, which mitigate the credit risk to some extent.

An impairment analysis is performed at each reporting date on case to case basis. The provision rates are based on days past due of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 37.

(INR in lakhs)

Reconciliation of provision for doubtful debts:

	Trade receivables	Loans (Refer Note 52)	Other advances	Total
Provision for doubtful debts as on 1 April 2015:	**404.07**	**-**	**1,668.20**	**2,072.27**
Add: Provision made during the year	78.15	-	-	78.15
Less: Provision utilized during the year	-	-	-	-
Provision for doubtful debts as on 31 March 2016:	**482.22**	**-**	**1,668.20**	**2,150.42**
Add: Provision made during the year	22.17	-	58.28	80.45
Less: Provision utilized during the year	-	-	(2.50)	(2.50)
Provision for doubtful debts as on 31 March 2017:	**504.39**	**-**	**1,723.98**	**2,228.37**
Add: Provision made during the year *	903.29	1,393.54	161.62	2,458.45
Less: Provision utilized during the year	(71.35)	-	-	(71.35)
Provision for doubtful debts as on 31 March 2018:	**1,336.33**	**1,393.54**	**1,885.60**	**4,615.46**
Add: Provision made during the period	-	-	-	-
Less: Provision utilized during the period	-	-	-	-
Provision for doubtful debts as on 30th September 2018:	**1,336.33**	**1,393.54**	**1,885.60**	**4,615.47**

* INR 1393.54 lakhs shown under exceptional items

Reconciliation of impairment allowance on investment in equity securities at fair value through profit and loss:

	Amount (INR in lakhs)
Impairment allowance as on 1 April 2015:	-
Add: Provision made during the period	-
Less: Provision utilized during the period	-
Impairment allowance as on 31 March 2016:	-
Add: Provision made during the period	-
Less: Provision utilized during the period	-
Impairment allowance as on 31 March 2017:	-
Add: Provision made during the period*	1,161.76
Less: Provision utilized during the period	-
Impairment allowance as on 31 March 2018:	**1,161.76**
Add: Provision made during the period	-
Less: Provision utilized during the period	-
Impairment allowance as on 30 September 2018:	**1,161.76**

* INR 1,161.76 lakhs shown under exceptional items

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the guidelines framed by the board of directors of the Group. Guidelines broadly covers the selection criterion and over all exposure which the Group can take with a particular financial institution or bank. Further the guideline also covers the limit of overall deposit which the Group can make with a particular bank or financial institution. The Group does not maintain the significant amount of cash and deposits other than those required for its day to day operations.

Liquidity risk

The Group's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Group relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Group monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(INR in lakhs)

	Less than 1 Year	**1-3 Years**	**3-5 years**	**> 5 years**	**Total**
Period ended 30 September 2018					
Borrowings	3,33,027.20	41,732.47	32,511.34	1,409.69	4,08,680.70
Other financial liabilities	19,241.83	246.82	-	-	19,488.65
Trade and other payables	2,10,654.44	-	-	-	2,10,654.44
Foreign exchange forward covers	212.86	208.11	-	-	420.97
	5,63,136.33	**42,187.40**	**32,511.34**	**1,409.69**	**6,39,244.75**
Year ended 31 March 2018					
Borrowings	3,98,696.09	30,572.60	18,557.20	2,899.40	4,50,725.29
Other financial liabilities	18,312.09	-	-	-	18,312.09
Trade and other payables	1,45,220.77	-	-	-	1,45,220.77
Foreign exchange forward covers	296.62	461.87	-	-	758.49
	5,62,525.57	**31,034.47**	**18,557.20**	**2,899.40**	**6,15,016.63**
Year ended 31 March 2017					
Borrowings	3,80,576.25	43,490.92	4,717.39	1,092.74	4,29,877.29
Other financial liabilities	16,560.50	80.06	26.31	-	16,666.88
Trade and other payables	1,05,743.62	-	-	-	1,05,743.62
Foreign exchange forward covers	7,766.23	1,639.10	-	-	9,405.33
	5,10,646.60	**45,210.08**	**4,743.70**	**1,092.74**	**5,61,693.12**
Year ended 31 March 2016					
Borrowings	4,51,087.13	32,917.46	19,583.89	1,141.64	5,04,730.12
Other financial liabilities	16,673.40	116.97	49.49	1.68	16,841.54
Trade and other payables	86,906.66	-	-	-	86,906.66
Foreign exchange forward covers	4,818.18	787.39	368.44	9.32	5,983.33
	5,59,485.36	**33,821.82**	**20,001.83**	**1,152.64**	**6,14,461.65**

39. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(INR in lakhs)

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Total Borrowings (Refer Note 12 A & Note 12B)	4,08,680.70	4,50,725.29	4,29,877.29	5,04,730.12
Trade payables (Refer Note 13)	2,10,654.44	1,45,220.77	1,05,743.62	86,906.66
Other payables (Refer Note 14)	19,909.62	19,070.58	26,072.21	22,824.86
Less: Cash and cash equivalents (Refer Note 10)	(7,432.83)	(14,821.37)	(6,564.80)	(1,180.50)
Net debts	**6,31,811.93**	**6,00,195.27**	**5,55,128.32**	**6,13,281.14**
Total equity	1,48,830.64	1,48,085.52	1,36,349.09	1,30,902.58
Capital and net debt	**7,80,642.56**	**7,48,280.79**	**6,91,477.40**	**7,44,183.72**
Gearing ratio（%)	**80.93%**	**80.21%**	**80.28%**	**82.41%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the period ended 30 September 2018 and during years ended 31 March 2018; 31 March 2017 and 31 March 2016.

The Parent Company has various covenants to be complied in respect of its borrowings. The primary covenants are total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio, fixed assets coverage ratio, current ratio, debt to EBITDA ratio and total debt to equity ratio.

In case of one lender i.e. HDFC Limited, the Parent Company is not incompliance with the covenants (viz. total outstanding liabilities to tangible net worth ratio, debt service coverage ratio, interest coverage ratio) and for which the Parent Company has sought a waiver and is hopeful of obtaining the same.

In case of other lenders though the Parent Company is not in compliance with certain covenants as at 30 September 2018, the same are not due for testing and the management believes that these would be cured in the coming quarters and the Parent Company would be able to meet all these covenants as they are due for testing at 31 March 2019.

40. Disclosure required under Section 186 (4) of the Companies Act 2013.

Included in loans, the particulars of which are disclosed in below as required by Sec 186(4) of Companies Act 2013 for the Parent Company:

(INR in lakhs)

S.No.	Name of the Borrower	Rate of Interest	Secured/ Unsecured	Due Date	Purpose	30 September 2018	31 March 2018	31 March 2017	31 March 2016
1	Adventz Trading DMCC	13.25%	Unsecured	3 years from the date of disbursement	General business purpose	190.60	171.22	-	-

For further details of loans, Refer Note 6B.

Details of Investments made are given under Note 6A.

41 In respect of the Parent Company and a subsidiary company, based on the circulars received for revision in uniform freight relating to secondary freight and direct road movement, the Group has, during earlier periods, accrued additional freight subsidy income of INR 6,875.73 lakhs (upto 31 March 2018 INR 6,875.73 lakhs; upto 31 March 2017 INR 5,574.62 lakhs; upto 31 March 2016 INR 3,373.16 lakhs) relating to Urea. Also, the Group has receivable of INR 2,910.62 lakhs (31 March 2018 INR 2,910.62 lakhs; 31 March 2017 INR 2,910.62 lakhs; 31 March 2016 INR 2,910.62 lakhs) for Phosphoric and Potassic Fertilisers, for which the claims are yet to be submitted.

As the performa/ format for raising the bills for the additional freight subsidy is recently notified and the Group is in the process of raising the bills, the amount of INR 9,786.35 lakhs (31 March 2018: INR 9,786.35 lakhs; 31 March 2017: INR 8,485.24 lakhs; 31 March 2016: INR 6,283.78 lakhs) is still pending for collection. The Group is hopeful to realize the above entire amount of INR 9,786.35 lakhs (31 March 2018: INR 9,786.35 lakhs; 31 March 2017: INR 8,485.24 lakhs; 31 March 2016: INR 6,283.78 lakhs).

42 In respect of Parent Company, in the financial year 2013-14, Ministry of Agriculture, Government of India, had declared 47,635 MT (INR 15,565.23 lakhs) of DAP, imported by the Parent Company as not meeting the standards specified by Fertilizer Control Order, 1985 (FCO). During the financial year ended 31 March 2015, out of the total quantity, based on the permission given by Department of Fertilisers (DOF), 31,174.15 MT has been re-exported back and out of 16,460.85 MT remaining material lying in the field, 15,484.80 MT was used as raw material for non-agriculture purpose. The Parent Company had based on its estimate, accounted for claim of INR 2,712.87 Lacs for loss suffered by it as the contract with the supplier provides that the Parent Company has the right to claim entire amount as compensation from the supplier in the event it is found the goods are not conforming to FCO norms by laboratory authorized by Government of India.

Out of the above claim, the Parent Company is carrying receivable of INR 2,203.93 lakhs (31 March 2018: INR 2,203.93 lakhs; 31 March 2017: INR 2,003.57 lakhs; 31 March 2016: INR 1,821.43 lakhs). According to the management, the Parent Company has entered into fresh contracts with the supplier for purchase of material at discounted price and the supplier has assured to provide rebate for adverse market condititons during the earlier period. Accordingly the Parent Company has reviewed the cash flows from the supplier towards recovery of the amount and has discounted the long term portion of the inflows. Consequently, the Parent Company has a loss of INR 317.19 lakhs on the receivable as on 30 September 2018 (31 March 2018: INR 317.19 lakhs; 31 March 2017: INR 574.38 lakhs; 31 March 2016: INR 891.44 lakhs). The Parent Company is hopeful to recover the said amount although the supplier has not confirmed the receivable amount.

43 Department of Fertilizers (DOF), Government of India, issued an office memorandum dated 8 July 2013, whereby Imported Phosphatic and Potassic (P&K) fertilizers dispatched by the fertilizer companies to their warehouse for onward sale during the month of February and March 2013 without having any supply plan issued by DOF was regularized as per Nutrient Based Subsidy (NBS) rates applicable for the year 2013-14. However, these NBS rates, as per the Government of India’s policy, are notified after approval by Cabinet Committee for Economic Affairs (CCEA) before the start of financial year and therefore, cannot be changed before next financial year. Accordingly, the Parent Company had recognized INR 2,223.11 lakhs in the previous years being the difference between the applicable NBS rates of 2012-13 and 2013-14 for the dispatches made to its warehouse during February and March 2013 but sold in 2012-13 and 2013-14 respectively. During the financial year ended 31 March 2015, the Parent Company had reversed the subsidy income of INR 274.08 lakhs for the quantities imported and dispatched during the month of February and March 2013 and has been carrying a receivable of INR 1,949.03 lakhs (31 March 2018: INR 1,949.03 lakhs; 31 March 2017: INR 1,949.03 lakhs; 31 March 2016: INR 1,949.03 lakhs) in respect of the above matter.

However, subsequently, as per the office Memorandum dated 16 April 2018 issued by the Department of Fertilizer, the Government has ex-post facto approved the subsidy paid on specific quantity of P&K fertilizer received in the district during February 2013 and March 2013 months in different year since 2012-13 as the rates fixed for the next financial year which were lower than the rate approved by cabinet /CCEA for that year. The Parent Company has represented to the Department of Fertilizer that the material moved in February 2013 and March 2013 was part of the approved movement plan of January 2013 and hence NBS rates of 2013 should be applicable. The Parent Company has obtained a legal opinion and if required will take appropriate recourse to recover this amount. The Parent Company is hopeful to realize the aforesaid amount hence no provision has been made in the accounts.

44 In case of one of the division, the Parent Company has been granted Eligibility Certificate by the Directorate of Industries, Government of Maharashtra vide letter No JDI/PUNE/PSI-2007/EC-12/2012/732 dated 19 July 2012. As per the Eligibility Certificate, the Parent Company is entitled to:

a) Electricity Duty exemption for a period of 15 years from the date of commercial production of the division.
b) 25% refund of annual VAT and CST liability (after set-off) on sale of manufactured goods from the project of the division.

In terms of the Indian Accounting Standard (Ind AS 20) “Accounting for Government Grants”, the eligible incentive is considered as a capital grant and has been set-up as deferred income, 'being recognised in the statement of profit and loss over the life of the eligible fixed assets.

Incentive receivable in respect of VAT and CST liability aggregating INR 110.86 lakhs as at 30 September 2018 (31 March 2018: INR 119.39 lakhs; 31 March 2017: INR 136.45 lakhs; 31 March 2016: INR 153.51 lakhs) has been set up as deferred income and is being recognised in the statement of profit and loss on systematic basis over the life of the eligible fixed assets. During the period 30 September 2018: INR 8.53 lakhs (31 March 2018: INR 17.05 lakhs; 31 March 2017: INR 17.05 lakhs; 31 March 2016: INR 17.05 lakhs) has been credited to the statement of profit and loss.

Incentive in respect of electricity duty exemption is accounted for during the period as a reduction from the electricity charges (i.e. the electricity charges recognised in Note 26 are considered net of electricity duty as per payments made to the electricity board).

45 The Parent Company is planning to set up a Phosphoric fertilizer plant in Ras-Al-Khaimah (RAK) in United Arab Emirates in collaboration with Ras-Al-Khaimah Maritime City Free Zone Authority. Expenditure on feasibility study and related expenditure amounting to INR 3,212.39 lakhs (31 March 2018: INR 3,212.39 lakhs; 31 March 2017: INR 3,155.15 lakhs; 31 March 2016: INR 3,105.11 lakhs) have been carried forward, pending decision on issue of shares to the Parent Company in the proposed Joint Venture project. The JV Company has been incorporated and definitive agreement between the shareholders have been completed which also provides for the re-imbursement of these expenses by the JV Company. These expenditures have been approved by the JV Company. The Parent Company is in discussion with various EPC contractors and rock phosphate suppliers with regard to the implementation of the project. The current license of the JV Company for the free zone was due for renewal on annual basis. The process for extension of license has been initiated by the JV Company.

46 a) In respect of the Parent Company’s investment of INR 11,943.47 lakhs (31 March 2018: INR 11,943.47 lakhs; 31 March 2017: INR 11,943.47 lakhs; 31 March 2016: INR 11,943.47 lakhs) in the rock phosphate mining project (which is under development) through MCA Phosphate Pte Limited (MCAP), a joint venture company, there has been a deadlock between the Parent Company and its JV partner Mitsubishi in its rock phosphate mining project through MCAP about certain impairments recorded in the financial statements of MCAP for financial years 2015-16 and 2016-17. On 15 February 2018, MCAP had issued a share offer notice by virtue of which the Parent Company was offered to subscribe to certain ordinary shares. In light of the objections already raised by the Parent Company in regard to the impairment and adoption of accounts and the nominal value at which the shares were issued, it did not subscribe to the rights issue. On 30 May 2018, the Parent Company obtained a clarification from the JV partner that its shareholding in MCAP has been diluted from 30% to 0.17% with effect from 1 April 2018.

The Parent Company initiated legal proceedings before the High Court of Singapore on 4 June 2018 seeking certain relief. The matter was heard on 13 August 2018 and the Parent Company has been advised that, an order has been passed by the High Court of Singapore mandating that inter alia no steps should be taken: i) in respect of any matter specified as a super-majority decision in the shareholders agreement dated 20 December 2011, without the prior written consent of the Parent Company, to, among other things, preserve the Parent Company’s original investment; and ii) no steps should be taken to change the shareholding of MCAP or to amend the Articles of Association of MCAP or to act in any manner inconsistent with the shareholders agreement mentioned above. The Parent Company has also initiated arbitration proceedings against the JV partner in accordance with the arbitration rules of the International Chamber of Commerce (ICC) and has also moved application seeking interim relief with ICC for continuation of the reliefs granted by the High Court of Singapore. The ICC, vide its order on application for interim relief dated 4 December 2018, amended the order passed by the High Court of Singapore by allowing the respondents (i.e. Mitsubishi Corporation and MCA Phosphate Pte Limited) to exercise contractual options to purchase or sell shares of MCA Phosphates Pte. Limited in accordance with the terms of any applicable agreements.

The Parent Company had not considered any impairment loss till the time of finalization of the financial statements for the year ended 31 March 2018. During the current period, the Parent Company has assessed the fair value of the said investment based on the fair valuation done by an independent valuer as at 31 March 2018 and have concluded that the impairment loss was required to be recognised as at 31 March 2018. Accordingly, the Parent Company has recognized an impairment loss of INR 1,161.76 lakhs in the restated Ind AS consolidated summary statements and the figures for the year ended 31 March 2018 have been appropriately restated and disclosed under exceptional items as per Ind AS 8 “Accounting Policies, Change in Accounting Estimates and Errors”.

Disclosure pursuant to Ind AS 8 "Accounting Policies, Change in Accounting Estimates and Errors" (specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2015) is as below:

(INR in lakhs)

	Profit before tax	**Profit after tax**	**Earnings per Share***	**Total Comprehensive**	**Financial assets**	**Other equity**
Year ended 31 March 2018 (Restated)	16,908.11	14,582.45	27.91	13,241.14	84,826.90	1,42,265.91
Year ended 31 March 2018 (Published)	18,069.87	15,744.21	30.67	14,402.91	85,988.66	1,43,427.66

***Basic & diluted**

46 b) While assessing the impairment of the investment, the following assumptions has been considered :

Valuation methodology	DCF Analysis
Valuation date	31 March 2018
Going concern	The business of the joint venture will continue to operate as going concern which will enable the achievement of financial forecast.
Period of cash flows	~ 84 years of operation CY 19 to CY 2106
Measured mine resources	209 million tons
Annual planned production	2.5 million tons
Commencement of full commercial production	Financial year 2023
Capex	US$ 831 million
Sustaining capex	US$ 252 million
Replacement capex	Replacement Capex of Machinery in financial year 2043 and financial year 2063
D:E	1 : 1
Cost of equity	14.10%
Valuation results	A. Primary cash flows value- US$ - 91.6 million (100% Fospac Equity Value) Parent Company's 9% stake value – US$ 8.244 million B. Secondary Cash Flow - Value of savings for Parent Company on account of marketing discount @ 2% - US$ 8.3 million Total Parent Company's Investment Value – US$ 16.544 million
Book Value of Investment as on 31 March 2018	INR 11,943.47 lakhs
Rock phosphate realisation	As per ARGUS forecast of June/July 2018

The difference between the fair value & carrying amount of investments i.e. INR 1,161.76 lakhs has been charged off to statement of profit and loss.

47 During the financial year 2013-14, the Parent Company had sold part of freehold land to Zuari Global Limited at a consideration of INR 16,359.32 lakhs. The possession of the said parcel of land was handed over on 28 March 2014; however the transfer of title is under progress. The Parent Company had received full consideration from the buyer in the financial year 2013-14.

48 In terms of Demerger of fertilizer undertaking from Zuari Global Limited in an earlier year, the title deeds of Immovable properties are in the process of being transferred in the name of the Parent Company.

49 The Parent Company is in the process of identifying name of the customers from whom it has received money and such collections of INR 147.31 lakhs (31 March 2018: INR 128.98 lakhs; 31 March 2017: INR 332.62 lakhs; 31 March 2016: INR Nil) are lying under unadjusted credits, although adjusted from the overall balance of trade receivable. Further, the balance of individual customers of the Parent Company are subject to confirmation/ reconciliation. The adjustments, if any, which in the opinion of the management, would not be material, would be made once these accounts are confirmed/ reconciled.

50 Zuari Global Limited (ZGL) had demerged its fertilizer undertaking to the Parent Company with effect from 1 July 2011. ZGL has based on Hon'ble High Court order on demerger of fertilizer undertaking, identified amount of income tax paid under protest pertaining to fertilizer undertaking demerged into the Parent Company.

The Parent Company has exchanged letter of mutual understanding with ZGL wherein the Company has paid such amount of income tax paid under protest. During the year ended 31 March 2017, the Parent Company had paid INR 2,533.85 lakhs to ZGL on this account pending completion of final assessment/litigation in respect of such financial years, out of which during the period ended 30 Sept 2018, ZGL has received a favourable order of INR 311.45 lakhs in respect of fertilizer undertaking for the assessment year 2008-09, 2009-10 & 2010-11.

The Parent Company also has INR 3,209.13 lakhs (31 March 2018: INR 3,209.13 lakhs; 31 March 2017: INR 3,209.13 lakhs; 31 March 2016: INR Nil) as advance to ZGL for purchase of two pieces of land in Solapur district. The Parent Company has taken possession of the land and is in the process of getting it registered in the name of the Parent Company.

51 During the period, the Parent Company has paid remuneration to managing director as per the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013, however, the approval of the Central Government for excess remuneration paid to managing director of the Parent Company amounting to INR 149.82 lakhs for the year ended 31 March 2016 was awaited.

Pursuant to amendment of Section 197(17) of the Companies Act, 2013 which was notified on 12 September 2018, the application made by the Parent Company for waiver of recovery of excess remuneration stands abated and the Parent Company is required to take fresh approval of the shareholders for the payment of remuneration to the managing director by a special resolution which will be taken by the Parent Company.

52 During the financial year ended 31 March 2016, the Audit Committee of a subsidiary had directed expeditious investigation in relation to all the transactions with United Breweries Holdings Ltd. (UBHL) and its group companies (UB Group) referred in paragraph (a) & (b) below.

Pursuant to the directions of the Audit Committee, an independent firm of accountants were engaged to carry out the forensic investigation as required and presentation made by them, at the meeting of Audit Committee and Board of Directors of the subsidiary held on 6 May 2016, stated that during the earlier financial years, the transactions involved in investment in the preference shares of the Bangalore Beverages Limited (BBL), a UB Group entity and advance to UBHL, may have involved irregularities and elements of mismanagement in the subsidiary company.

Subsequently based on the report of the independent firm of accountants, Zuari Fertilisers and Chemicals Limited (ZFCL), the then holding company of the subsidiary had approached the National Company Law Tribunal in Bangalore to obtain accountability of the UB Group for the irregularities. Since UBHL has been declared to be wound up by the High Court of Karnataka vide order dated 7 February 2017, the ZFCL made an application before the High Court of Karnataka. ZFCL's application for permission to proceed against UBHL in the NCLT proceedings has been allowed by the High Court on 20 April 2017. The matter has been taken up for hearing on several occasions, the official liquidator has been made party to the proceedings pursuant to the order of the high court and has been served. The NCLT has directed the official liquidator to file a reply to the main petition. The official liquidator has not yet filed a reply. The matter is fixed on 16 January 2019 for further hearing.

(a) During the financial years 2010-11 and 2011-12, payments of INR 5,200.00 lakhs were made to UBHL by the subsidiary which were adjusted over a periods towards certain amounts payable to UBHL. The outstanding dues of INR 1,668.20 lakhs as on 31 March 2016 from UBHL is provided as exceptional item in view of the uncertainty of recoverability. However, the aforesaid transaction pertains to period prior to company become subsidiary of the parent company, the said amount has been adjusted as goodwill.

(b) During the earlier financial years, funds were invested by the subsidiary as subscription to optionally convertible redeemable cumulative preference shares of INR 100/- each with a coupon rate of 0.001% repayable after 20 year in BBL during 2012-13 for INR 20,000.00 lakhs. The said investment in the preference share capital of BBL was redeemed by fresh issue and subscription of 200,000 redeemable cumulative preference shares of INR 1/- each with a coupon rate of 10% repayable after 20 years at a premium of INR 9,999/- per share during 2013-14. In June 2015, an attempt was made for early redemption by mutual consent as per the terms of issue of the said preference shares which was futile. Accordingly, in view of the developing circumstances, a provision for the investment in the preference share capital of INR 20,000.00 lakhs in BBL was made. However, the aforesaid transaction pertains to period prior to company become subsidiary of the Parent Company, the said amount has been adjusted as goodwill.

(c) United Breweries Limited, KingFisher Finvest India Limited, McDowell Holdings Limited instituted arbitration proceedings against the Parent Company and its erstwhile subsidiary, Zuari Fertilizer and Chemicals Limited (now merged with the Parent Company) alleging breach of the Share Holders Agreement (SHA) dated 12 May 2014 executed between the parties. The arbitration was instituted before the, former Chief Justice of India. The Award was passed on 8 May 2017 wherein the Arbitrator has held that the SHA cannot be specifically enforced. The claims raised by the Claimants stand dismissed and the arbitrator has ordered to pay to the Parent Company a sum of INR 75.00 lakhs. The Award has been challenged by the Claimants before the High Court of Bombay at Mumbai and the matter is pending for final arguments.

53 While confirming the balance due from Mcdowells Holdings Limited (MHL), aggregating to INR 2,332.97 lakhs, they have sought to adjust a sum of INR 939.43 lakhs said to be due to them from one of the subsidiaries i.e. Mangalore Chemicals & Fertilisers Ltd (MCFL). During previous year, the Parent Company has made a provision for the net recoverable amount from MHL of INR 1,393.54 lakhs and has charged off the same to the statement of profit and loss as exceptional items. During the current period, the Parent Company has received INR 939.43 Lakhs from MCFL. The Parent Company is in the process of filling an application under the insolvency and bankruptcy code before NCLT at Bangalore against MHL for recovery of the remaining principal amount along with the interest. The matter is yet to be listed on the board for hearing.

54 Amalgamation

I. Pursuant to the Scheme of Amalgamation ["the Scheme"] under Section 391 to 394 of the Companies Act 1956 among the Parent Company and its erstwhile wholly owned subsidiary companies, namely Zuari Fertilizers and Chemicals Limited ("ZFCL"), Zuari Speciality Fertilisers Limited ("ZSFL") and Zuari Agri Sciences Limited ("ZASL"), [Transferor Companies] approved by Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide its order dated 14th September 2017, the Transferor Companies stand merged with the Parent Company w.e.f. 1 April 2015 (the appointed date). A certified true copy of the Order has been received by the Transferor Companies and the Parent Company on 7 November 2017 and the Parent Company has filed the order with the Registrar of Companies (ROC), Goa.

In terms of the NCLT order, the Scheme of Amalgamation is effective from 13 November 2017, the date on which the order was filed with the ROC, Goa.

With effect from the appointed date, all the business undertakings, assets, liabilities, rights and obligations of the Transferor Companies stood transferred to and vested in the Parent Company.

II. Since ZFCL and ZASL were the entities under the common control, the amalgamation has been accounted for in terms of 'Appendix C' of Indian Accounting Standard 103 (Ind AS 103) by applying "pooling of interest" method of accounting on the appointed date, where in all the assets and the liabilities of the Transferor companies have been accounted for at their book values as appearing in the books as on appointed date i.e 1 April 2015.

Further, accounting for amalgamation for ZSFL has been done as per "acquisition method" as prescribed in Indian Accounting Standard 103 (Ind AS 103) where in all the assets and liabilities of ZSFL have been accounted for at their book values as appearing in the books as on appointed date i.e 1 April 2015 as per the scheme of Amalgamation. The difference in the value of assets and value of the liabilities pertaining to transferred undertaking of ZSFL has been treated as Goodwill.

III. Pursuant to the Scheme of Amalgamation approved by the NCLT, all assets and liabilities of the transferor company are transferred to the transferee company and all inter-company transactions are eliminated. However, no elimination of inter company transactions has been made for transactions entered upto 31 March 2015.

Therefore in accordance with the NCLT order, the Parent Company has accounted for as under :

(INR in lakhs)

	ZASL	ZFCL	ZSFL
Assets			
Property, Plant and Equipment	186.12	391.68	1,475.05
Capital work-in progress	-	6,793.73	-
Investment Property	-	362.29	-
Intangible assets	427.19	-	0.09
Non-Current Financial Assets			
Investments	-	16,938.34	-
Loans	21.16	4.75	4.15
Others	12.47	-	76.21
Other non-current assets	-	4,592.39	-
Tax Assets (Net)	1.84	44.83	18.81
Inventories	2,586.10	1,831.83	720.04
Current Financial Assets			
Loans	-	2,027.80	-
Trade receivables	1,588.15	266.77	1,253.74
Cash and cash equivalents	450.06	130.25	31.03
Other Bank balances	-	405.00	-
Others	0.47	-	51.52
Other current assets	96.28	101.11	20.70
Total	**5,369.84**	**33,890.77**	**3,651.34**
Liabilities			
Non-Current Financial Liabilities			
Borrowings	258.77	21,697.73	-
Other non-current liabilities	-	-	143.51
Long term provisions	-	26.29	2.94
Deferred tax liabilities (net)	-	-	12.78
Current liabilities			
Borrowings	1,481.24	1,712.00	1,619.87
Trade payables	1,121.02	2,377.99	834.90
Other financial liabilities	1,186.25	2,725.00	13.08
Other current liabilities	1,310.67	564.95	59.39
Short term provisions	83.83	61.17	3.40
Total	**5,441.78**	**29,165.13**	**2,689.87**
Net Assets / (Liabilities) taken over	**(71.94)**	**4,725.64**	**961.47**

IV. (a) Two of the transferor companies (i.e ZASL & ZFCL) were wholly owned subsidiaries of the Parent Company and their entire share capital were held by the Parent Company and its nominees. Upon the Scheme becoming effective, the shares held by the Parent Company and its nominees in the Transferor Companies stands cancelled and extinguished without any further application, act, instrument or deed and no shares shall be issued to the shareholders of the Transferor Companies.

(b) One of the transferor company i.e ZSFL, became wholly owned subsidiary of the Parent Company upon acquiring balance equity shares on 11 December 2015 held by joint venture partner i.e Rotem Amfert Negev Limited. Upon the Scheme becoming effective, the difference between the amount of consideration paid and book value of those equity shares has been treated as goodwill. Further, the Parent Company has credited a sum of INR 96.99 lakhs towards the share of loss of joint venture partner till the date of acquiring shares from 1 April 2015.

V. As per the Scheme of Amalgamation, the authorized share capital of the Parent Company will automatically increase by the authorized share capital of Transferor Companies without any further act or deed on the part of the Parent Company on the effective date as defined in the Scheme. In order to intimate the ROC,Goa regarding the Scheme and to get its authorised share capital increased as per the Scheme, the Parent Company has filed E Form INC-28 on 13 November 2017.

VI. As per the Scheme, during the period between the Appointed date and the Effective date, the Transferor Companies have carried on the business in "trust" on behalf of the Parent Company. Further, all profits or incomes earned and losses and expenses incurred by the Transferor Companies during the period, for all purposes, is profits or income or expenditure or losses of the Parent Company.

VII. The title deeds for immovable properties, licenses, agreements, bank accounts, loan documents etc. of the Transferor Companies are in the process of being transferred in the name of the Parent Company.

VIII. The Parent Company had previously issued its financial statements for the year ended 31 March 2017 as on 19 May 2017 and for the year ended 31 March 2016 as on 13 May 2016. Due to the aforesaid NCLT order for Amalgamation which came after issuance of financial statements for the above mentioned years, the restated financial number for the above mentioned years have been prepared after incorporating the financial statements of the erstwhile subsidiaries according to the Scheme of Amalgamation (with applicable restatements).

55. First time adoption of Ind AS

The financial statements, for the year ended 31 March 2017, were the first the Group had prepared in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group had prepared financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind-AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The following exemptions are available to the Group:

Mandatory exemptions:

Classification and measurement of financial assets:
Financial Instruments: (Loan to employees and security deposits paid) :
Financial assets like loan to employees and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Group to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

Impairment of financial assets: (Trade receivables and other financial assets)
At the date of transition to Ind ASs, the Group has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Group has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Estimates
The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
► FVTOCI – unquoted equity shares
► FVTOCI – debt securities
► Impairment of financial assets based on expected credit loss model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

Optional exemptions:

Fair value measurement of financial assets or financial liabilities
First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)
Since there is no change in the functional currency, the Group has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets, as recognised in its Indian GAAP financial as deemed cost at the transition date.

Business combinations:
Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before 1 April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Group recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

The Group has not applied Ind AS 21, The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments that occurred before the date of transition to Ind AS. Such fair value adjustments are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016

Reconciliation of equity

(INR in lakhs)

Particulars	Notes	As at 31 March 2016 (end of last period presented under previous GAAP)
Equity as reported under previous GAAP		87,281.37
Ind AS: Adjustments increase/(decrease):		
Opening adjustment to retained earnings		26,720.58
Reversal of proposed dividend created under previous GAAP	1	(1,012.40)
Adjustment of rent equalisation expense	2	28.55
Unwinding of accrued service income to related party	3	37.78
Adjustment of depreciation/finance cost on loan processing fee capitalised/amortised under previous GAAP and considered at effective interest rate now	4	(331.43)
Impact on accounting for business combination	5	22,366.72
Fair Valuation of equity instrument	6	(3,344.46)
Unwinding of provision for voluntary retirement scheme & interest expense on amortisation of provision for voluntary retirement scheme	7	38.85
Incremental deferred tax impact recognised	8	234.04
Adjustment on account of non-consolidation of joint venture's and consolidation as equity accounting	9	162.51
Effect of spares capitalised as Property, plant and equipment and consumption of spares	10	(241.46)
Mark to Market gain (loss) on foreign currency forward/ option contracts	11	220.65
Amortisation of Trademark	5	(249.19)
Depreciation charged related to earlier years		(40.41)
Actualisation of deferred tax	8	1,008.26
Rectification of interest paid to shareholders of subsidiary on business acquisition	5	(909.91)
Adjustment of transaction cost on acquisition of shares of subsidiary company	5	(823.82)
Corporate Dividend Tax (CDT) payment of subsidiary company	12	(144.74)
Others		(475.48)
Equity as reported under IND AS		1,30,526.01

Reconciliation of Profit/(Loss)

(INR in lakhs)

Particulars	Notes	Year ended 31 March 2016 (latest period presented under previous GAAP)
(Loss) as reported under Previous GAAP		(9,100.84)
Ind AS: Adjustments increase/(decrease):		
Adjustment of rent equalisation expense	2	28.55
Unwinding of accrued service income to related party	3	37.78
Adjustment of depreciation/finance cost on loan processing fee capitalised/amortised under previous GAAP and considered at effective interest rate now	4	(331.43)
Unwinding of provision for voluntary retirement scheme & interest expense on amortisation of provision for voluntary retirement scheme	7	38.85
Incremental deferred tax impact recognised	8	228.18
Adjustment on account of non-consolidation of joint venture's and consolidation as equity accounting	9	(842.62)
Effect of spares capitalised as Property, plant and equipment and consumption of spares	10	(241.46)
Mark to Market gain (loss) on foreign currency forward/ option contracts	11	220.65
Amortisation of Trademark	5	(249.19)
Depreciation charged related to earlier years		(40.41)
Actualisation of deferred tax	8	1,008.26
Rectification of interest paid to shareholders of subsidiary on business acquisition	5	(909.91)
Adjustment of transaction cost on acquisition of shares of subsidiary company	5	(823.82)
Others		(474.89)
Reclassification of remeasurement gain/ (losses) on gratuity to employee benefit expense and OCI		(72.11)
Total adjustment to profit or loss		**(2,423.58)**
Profit or loss under Ind AS		**(11,524.42)**

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016

(INR in lakhs)

Particulars	Notes	Year ended 31 March 2016 (latest period presented under previous GAAP)
Other comprehensive income (net of tax)		
FVTOCI Reserve	6	(3,240.66)
Foreign Currency Translation Reserve		631.44
Reclassification of remeasurement gain/ (losses) on gratuity to employee benefit expense and OCI		254.78
Total comprehensive income under Ind ASs		**(13,878.86)**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the above reconciliation starts with profit under previous GAAP.

Footnote to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

1) Financial liability

As per the requirements of previous Indian GAAP, AS 4 the Parent Company has made provision for the proposed dividends. As per Ind AS 10, if dividends to holders of equity instruments are proposed or declared after the balance sheet date, an entity should not recognise those dividends as a liability at the balance sheet date. Accordingly the Parent Company has reversed the provision created under the previous GAAP for proposed dividend.

2) Rent straight lining

Rent straight lining was mandatory under previous Indian GAAP. However, Ind-AS 17 requires the Parent Company to avoid straight-lining of rentals in case escalation reflects expected inflationary cost increases. The same has been reversed by the Parent Company as the increase in rent is within 5-7% p.a. which is within the inflation rate.

3) Accrued service income from related party

In earlier year, the Parent Company had entered into an deferred payment agreement (without charging interest) in respect of service provided to a related party. In previous GAAP, service income was accounted for on principal amount only. As per the requirement of Ind AS, financial assets should be recognised at amortised cost or at fair value. Now, the Parent Company has amortised the deferred payment receivable over the period of realisation of amount.

4) Amortisation of loan processing fee

As per the requirement of Ind AS, loan processing fee should be amortised over the period of repayment of loan as per Effective Interest Rate (EIR) method. In previous GAAP, processing fee were capitalised (depreciated over the life of specific fixed assets) / charged to Profit & Loss on straight line basis. The same has been reversed and now amortised over the period of loan according to Effective Interest Rate (EIR) method.

5) Business Combination

As per the requirement of Ind AS 103, bargain purchase/ Goodwill should be calculated after considering fair value impact on net assets of acquired entity. In previous GAAP, goodwill/ capital reserve were calculated on the basis of book value of acquired entity. The change has resulted into Bargain Purchase on acquisition of subsidiary subsequent to transition date.

While fair valuing assets and liabilities of acquired entity, trademark was considered as internal generated intangible asset. Further, in restated Ind AS consolidated summary statements, Group has depreciated the same over the useful life of 40 years.

Interest expense had been capitalised by a subsidiary company in investment made in step down subsidiary under previous GAAP. But in Ind AS, the Group has reversed the same and charged to statement of profit and loss.

Under previous GAAP, transaction cost incurred to acquire stake in step down subsidiary company were included as part of investment cost. As per Ind AS 103, transaction cost are required to charged to statement of profit and loss of restated Ind AS consolidated summary statements. Accordingly, same has been expensed off.

Zuari Agro Chemicals Limited
Annexure - V
Notes to the Restated Ind AS Consolidated Summary Statements for the period ended 30 September 2018 and years ended 31 March 2018, 2017 and 2016

6) Fair value of equity instruments

As per the requirement of Ind AS 109, equity instruments should be valued at fair value. In previous GAAP, non current investment made in equity instruments were valued at cost only.

7) Amortisation of provision for voluntary retirement scheme

As per the requirement of previous GAAP, there was no discounting of provision made for voluntary retirement scheme. As per the requirement of Ind AS, all financial liabilities should be at amortised cost or at fair value. Now the Parent Company has amortised the provision made for voluntary retirement scheme at the rate of borrowings of the Parent Company.

8) Deferred taxes

Previous Indian GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the Group has recognised incremental deferred tax with a corresponding credit to retained earnings.

9) Adjustment on account of non-consolidation of joint venture's and consolidation as equity accounting

Under previous GAAP group has proportionately consolidated its interest in joint venture in Consolidated Financial Statements. As per Ind AS 28 "Investments in Associates and Joint Ventures" required consolidation using equity method. For the application of equity method, the initial investment is measured as the aggregate of Ind AS amount of assets and liabilities that the Group had previously proportionately consolidated.

10) Spares

As per the requirements of Ind-AS items such as spare parts, stand-by equipment and servicing equipment are capitalized when they meet the definition of PPE, i.e., if the Group intends to use these for more than a period of 12 months. The Group has capitalised such items of spares as property, plant and equipment which are intended to be used for more than 12 months and provided depreciation on the same.

11) Financial assets

The Group has taken forward covers to hedge its underlying creditors/ buyers credit in books. Under previous Indian GAAP, the Group has not early adopted AS 30 and the existing forward contracts were in scope of AS 11. The difference between forward rate and spot rate at inception of forward exchange contract (i.e. Premium) is amortised over the life of the forward exchange contract. The same adjustment has been reversed under Ind-AS. The Group has done marked to market valuation for all outstating derivative contracts at balance sheet date and recorded the impact (gain/loss) in the statement of profit or loss.

12) Corporate Dividend Tax (CDT) payment of subsidiary company

As per the requirements of previous GAAP, AS-4, the subsidiary company has made provision for the proposed dividends. As per Ind AS 10, if dividends to holders of equity instruments are proposed or declared after the balance sheet date, an entity should not recognise those dividends as a liability at the balance sheet date.

Accordingly, one of the subsidiary company had recognised dividend and corporate dividend tax as at 31 March 2015 under previous GAAP which is reversed under Ind-AS and recognised during the year ended 31 March 2016. The said subsidiary was acquired on 18 May 2015 and accordingly, Dividend and Corporate Dividend Tax was recognised subsequent to acquisition under Ind-AS. Whereas in previous GAAP, since the dividend and corporate dividend tax was recognised before the date of acquisition, the same was considered for the purpose of computation of Goodwill.

56 Statutory Group Information:

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	**Amount in INR lakhs**	**As % of consolidated profit and loss**	**Amount in INR lakhs**	**As % of consolidated other comprehensive income**	**Amount in INR lakhs**	**As % of consolidated total comprehensive income**	**Amount in INR lakhs**
Parent Company								
Zuari Agro Chemicals Limited								
Balance as at 30 September 2018	43%	64,291.48	-138%	(1,765.19)	411%	(1,717.76)	-405%	(3,482.95)
Balance as at 31 March 2018	46%	67,774.43	30%	4,058.72	100%	(1,331.55)	22%	2,727.17
Balance as at 31 March 2017	48%	65,553.46	-39%	(1,653.87)	115%	1,388.12	-5%	(265.75)
Balance as at 31 March 2016	50%	65,819.21	80%	(8,190.03)	127%	(3,912.31)	91%	(12,102.34)
Subsidiary Companies								
1. Mangalore Chemicals & Fertilisers Limited								
Balance as at 30 September 2018	33%	48,836.89	172%	2,193.15	-4%	15.92	257%	2,209.07
Balance as at 31 March 2018	32%	48,056.58	45%	6,096.59	1%	(15.96)	49%	6,080.63
Balance as at 31 March 2017	31%	42,689.16	60%	2,532.85	1%	10.64	47%	2,543.49
Balance as at 31 March 2016	31%	40,145.67	243%	(24,787.29)	5%	(157.68)	188%	(24,944.98)
2. Adventz Trading DMCC								
Balance as at 30 September 2018	0%	314.72	3%	34.46	-8%	34.20	8%	68.66
Balance as at 31 March 2018	0%	246.07	2%	234.56	0%	2.78	2%	237.34
Balance as at 31 March 2017	0%	-	0%	-	0%	-	0%	-
Balance as at 31 March 2016	0%	-	0%	-	0%	-	0%	-
Non-controlling interests in all subsidiaries								
Balance as at 30 September 2018	-27%	(39,636.10)	-81%	(1,030.22)	2%	(7.48)	-121%	(1,037.70)
Balance as at 31 March 2018	-26%	(39,155.12)	-21%	(2,863.84)	-1%	7.50	-23%	(2,856.35)
Balance as at 31 March 2017	-27%	(36,577.14)	-28%	(1,189.80)	0%	(5.00)	-22%	(1,194.80)
Balance as at 31 March 2016	-27%	(35,382.34)	-14%	1,466.07	-2%	74.05	-12%	1,540.12
Joint Ventures								
Balance as at 30 September 2018	0%	-	207%	2,643.42	-300%	1,256.72	454%	3,900.14
Balance as at 31 March 2018	0%	-	49%	6,762.85	0%	4.21	55%	6,767.06
Balance as at 31 March 2017	0%	-	118%	4,988.19	-15%	(184.33)	88%	4,803.86
Balance as at 31 March 2016	0%	-	-5%	488.41	-30%	912.04	-11%	1,400.45
Eliminations and adjustments due to Consolidation								
Balance as at 30 September 2018	50%	75,023.65	-62%	(797.67)	0%	-	-93%	(797.67)
Balance as at 31 March 2018	48%	71,163.56	-4%	(592.60)	0%	-	-5%	(592.60)
Balance as at 31 March 2017	47%	64,683.60	-10%	(440.29)	0%	-	-8%	(440.29)
Balance as at 31 March 2016	46%	60,320.03	-205%	20,841.10	0%	-	-157%	20,841.10
Total								
Balance as at 30 September 2018	**100%**	**1,48,830.64**	**100%**	**1,277.95**	**100%**	**(418.40)**	**100%**	**859.55**
Balance as at 31 March 2018	**100%**	**1,48,085.52**	**100%**	**13,696.28**	**100%**	**(1,333.02)**	**100%**	**12,363.25**
Balance as at 31 March 2017	**100%**	**1,36,349.09**	**100%**	**4,237.08**	**100%**	**1,209.43**	**100%**	**5,446.51**
Balance as at 31 March 2016	**100%**	**1,30,902.58**	**100%**	**(10,181.74)**	**100%**	**(3,083.89)**	**100%**	**(13,265.64)**

57 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 are provided in the table below:-

(INR in lakhs)

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on 8 November 2016	68.24	23.76	92.00
(+) Permitted receipts	-	416.39	416.39
(-) Permitted payments	-	3.00	3.00
(-) Amount deposited in Banks	68.24	395.55	463.79
(+) Amount withdrawn from Banks	-	2.02	2.02
Closing cash in hand as on 30 December 2016	-	43.62	43.62

58 Events after the reporting period

There are no significant events that occurred after the reporting period.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's registration no. 301003E/E300005

For and on behalf of the Board of Directors of
Zuari Agro Chemicals Limited

per Vishal Sharma
Partner
Membership No. 096766

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

Sandeep Agrawal
Chief Financial Officer

Place of signature : Gurugram
Date:

Place of signature : Gurugram
Date:

Zuari Agro Chemicals Limited
Annexure - VI
Statement of Restatement Adjustment to Audited Consolidated Financial Statements

59 Reconciliation between audited equity and restated equity:

(INR in lakhs)

		30 September 2018	31 March 2018	31 March 2017	31 March 2016
Audited equity		**1,48,830.64**	**1,47,633.46**	**1,30,649.14**	**91,487.17**
Adjustment for Audit Qualifications:					
i) Impairment of Investment in Joint Venture	1	-	(1,161.76)	-	-
ii) Discounting of future cash flows on account of claim on supplier to its present value	2	-	-	(574.38)	(891.44)
Impact of merger of subsidiaries pursuant to scheme of amalgamation	3	-		6,046.59	2,946.30
Adjustments for conversion of 31 March 2016 financial statements from IGAAP to Ind AS	4	-	-	-	43,244.64
Other Adjustments:					
i) Impact of adoption of Ind AS 115	5	-	(401.82)	(401.82)	(6,787.38)
ii) Accounting of subsidy income in respective periods	6	-	1,001.65	-	-
iii) Revenue from government concession/ subsidy	8	-	388.86	504.88	(409.76)
vi) Accrual for interest expense	9	-	-	(226.85)	(57.75)
Deferred tax impact on restatements	10	-	(274.47)	348.76	2,822.19
Share in restatement adjustments for joint ventures (net of tax)	11	-	1,051.80	136.96	(1,595.00)
Less: share of non controlling interest in subsidiary restatements		-	(152.20)	(134.19)	143.61
Total restatements		**-**	**452.06**	**5,699.95**	**39,415.41**
Restated equity		**1,48,830.64**	**1,48,085.52**	**1,36,349.09**	**1,30,902.58**

Reconciliation between audited profit/ (loss) and restated profit/ (loss):

(INR in lakhs)

	Notes	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Audited total comprehensive income		**3,467.31**	**14,402.91**	**(3,165.66)**	**(9,231.24)**
Adjustment for Audit Qualifications:					
i) Impairment of Investment in Joint Venture	1	-	(1,161.76)	-	-
ii) Discounting of future cash flows on account of claim on supplier to its present value	2	-	574.38	317.06	165.59
Impact of merger of subsidiaries pursuant to scheme of amalgamation	3	-	-	3,100.64	3,625.59
Adjustments for conversion of 31 March 2016 financial statements from IGAAP to Ind AS	4	-	-	-	(5,503.30)
Other Adjustments:					
i) Impact of adoption of Ind AS 115	5	401.82	-	6,385.56	(1,423.39)
ii) Accounting of subsidy income in respective periods	6	(1,001.65)	1,001.65	-	-
iii) Impact of change in policy for post retirement medical benefit plan	7	-	-	-	140.51
iv) Revenue from government concession/ subsidy	8	(388.86)	(116.02)	914.64	(2,170.55)
vii) Accrual for interest expense	9	-	226.85	(169.10)	(57.75)
Deferred tax impact on restatements	10	274.50	(623.25)	(2,473.80)	1,157.93
Share in restatement adjustments for joint ventures (net of tax)	11	(855.87)	914.84	1,731.96	(1,509.14)
Total restatements		**(1,570.06)**	**816.69**	**9,806.97**	**(5,574.51)**
Restated total comprehensive income		**1,897.25**	**15,219.60**	**6,641.31**	**(14,805.75)**

Notes:

1 The Parent Company had not considered any impairment loss till the time of finalization of the financial statements for the year ended 31 March 2018. During the period ended September 30, 2018, the Parent Company has assessed the fair value of the said investment based on the fair valuation done by an independent valuer as at 31 March 2018 and have concluded that the impairment loss was required to be recognised as at 31 March 2018. Accordingly, the Parent Company has recognized an impairment loss of INR 1,161.76 lakhs in the restated Ind AS consolidated summary statements and the figures for the year ended 31 March 2018 have been restated.

2 The Parent Company is carrying receivable of INR 2,203.93 lakhs (31 March 2018: INR 2,203.93 lakhs; 31 March 2017: INR 2,003.57 lakhs; 31 March 2016: INR 1,821.43 lakhs) on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The Parent Company entered into fresh contract with the supplier for purchase of material at discounted price and the supplier assured to provide rebate for adverse market conditions during the earlier period. The Parent Company has discounted the long term portion of the cash inflows.

3 Pursuant to the Scheme of Amalgamation [“the Scheme”] under Section 391 to 394 of the Companies Act 1956 among the Parent Company and its erstwhile wholly owned subsidiary companies, namely Zuari Fertilizers and Chemicals Limited (“ZFCL”), Zuari Speciality Fertilisers Limited (“ZSFL”) and Zuari Agri Sciences Limited (“ZASL”), [transferor companies] approved by Hon’ble National Company Law Tribunal, Mumbai Bench ("NCLT") vide its order dated 14 September 2017, the transferor companies stand merged with the Company w.e.f. 1 April 2015 (the appointed date). The impact of the scheme has been given in respective years.

4 The audited financial statements of the Group as at and for the year ended 31 March 2016 were prepared in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (“Indian GAAP”). The same has been converted into Ind AS to confirm with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

5 Volume rebates pertaining to respective years have been netted off with the revenue from operations as per requirements of Ind AS 115.

6 Impact on subsidy income basis the rates notified during the Direct Benefit Transfer (DBT) regime on goods already sold to its customers.

7 Impact of change in policy for post retirement medical benefit plan in FY 2015-16 has been restated

8 In respect of a subsidiary, in certain period/years the subsidiary company recognized differential product and freight subsidy pertaining to earlier years. For the purpose of the restated Ind AS consolidated summary statements, such amounts have been restated.

9 In respect of a subsidiary, in the financial statements for the year ended 31 March 2018, certain interest expense pertaining to earlier years were accounted for. Accordingly, for the purpose of the restated Ind AS consolidated summary statements, the said expenses have been appropriately adjusted to the respective years to which they relate.

10 Deferred tax impact on restatements.

11 Share in restatement adjustments for joint ventures (net of tax) represents the share in restatements done by the joint venture i.e. Zuari Maroc Phosphates Private Limited. This also represents the adjustments for difference between audited financial statements and management accounts for MCA Phosphates Pte. Limited (MCAP) in respective years as the financial statements of MCAP were audited subsequent to the board meeting in which the consolidated audited financial statements of the Group were approved.

12 The management has made the required quantitative adjustments in the restated Ind AS consolidated summary statements for qualification in the Auditor's report on the consolidated Ind AS financial statements as at and for the year ended 31 March 2018 and consolidated financial statements as at and for the year ended 31 March 2016 which have been reproduced below:

a) As at and for the year ended 31 March 2018

Attention is drawn to Note 46 of the consolidated Ind AS financial statements explaining the evaluation of recoverable amounts as required under IND AS 36 to assess impairment provision, if any, on the Parent Company’s investment of INR 11,943.48 lakhs in the rock phosphate mining project through MCA Phosphate Pte Ltd, a joint venture company. The joint venture company audited by another auditor has provided for diminution in the entire value of the said investment. The Parent Company has received the valuation report; based on valuation carried out by external valuer; the value indicated is higher than the carrying amount. However, we were unable to review the valuation report. Pending such review and in the absence of other sufficient appropriate audit evidence, we are unable to comment on the adjustments, if any, required to be made to the financial statements, in this regard.

b) As at and for the year ended 31 March 2016
We refer to Note 43 of the consolidated Ind AS financial statements wherein it is mentioned that, the Parent Company is carrying receivable of INR 2,712.87 lakhs on account of claim raised on a product supplier for loss suffered on purchase of material which did not meet the specified standards. The said claim is subject to confirmation from the supplier. In the absence of independent confirmation from the supplier and other related information, we are unable to comment on the appropriateness of the accounting the claim including consequential effects, if any, that may arise in this regard in the the consolidated financial statements .

Statement of Restatement Adjustment to Audited Consolidated Financial Statements

The management has considered that no quantitative adjustments are required in the restated Ind AS consolidated summary statements for qualification in the Auditor's report on the Special Purpose interim consolidated Ind AS financial statements as at and for the period ended 30 September 2018, consolidated Ind AS financial statements as at for the year ended 31 March 2017 and consolidated financial statements as at and for the year ended 31 March 2016 which are reproduced below:

a) As at and for the period ended 30 September 2018

We draw attention to Note 31 of the audited Special Purpose Ind AS interim consolidated financial statements which include the Group's share of total comprehensive income (comprising of profits and other comprehensive income) of INR 1,272.44 lakhs for the period ended 30 September 2018, in respect of one joint venture, located outside India, whose financial statements and other financial information have not been subject to audit and has been compiled by the management. Accordingly, we are unable to comment on the financial impact, if any, on the audited Special Purpose interim consolidated Ind AS financial statements if the same had been audited.

b) As at and for the year ended 31 March 2017

As stated in Note No. 55(b) of the audited consolidated Ind AS financial statements, we report that a subsidiary company, Mangalore Chemical & Fertilizers Limited (MCFL) had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holding Limited (UBHL) and have indicated that these transactions may have involved irregularities. Based on their report, Zuari Fertilisers and Chemicals Limited, the holding company of MCFL has approached the National Company Law Tribunal in Bangalore to obtain accountability of the UBHL Group for the irregularities. The subsidiary had already provided an aggregate amount of INR 21,668 lakhs against the above in their books. Pending outcome of the legal dispute on the above matters, we are unable to comment on including consequential effects, if any to be made in the consolidated Ind AS financial statements.

c) As at and for the year ended 31 March 2016

As stated in Note 62 of the audited consolidated financial statements, we report that a subsidiary company, M/S Mangalore Chemical & Fertilizers Limited had engaged an independent firm of accountants to carry out a forensic review into transactions in relation to investment in the preference shares of Bangalore Beverages Limited and advances made to United Beverages Holding Limited and have indicated that these transactions may have involved irregularities. The subsidiary has provided an aggregate amount of INR 21,668 lakhs against the above in their books. The subsidiary company M/S Mangalore Chemical & Fertilizers Limited is taking necessary legal advice in connection with the findings and taking necessary steps in this regard. Pending legal advice on the above matters, we are unable to comment on including consequential effects, if any to be made in the consolidated financial statements.

The management has considered that no quantitative adjustments are required in the restated Ind AS consolidated summary statements for emphasis of matter in the Auditor's report on the Special Purpose interim consolidated Ind AS financial statements as at and for the period ended 30 September 2018; consolidated Ind AS financial statements as at and for the year ended 31 March 2018 and consolidated financial statements as at and for the year ended 31 March 2016 which have been reproduced below:

a) As at and for the period ended 30 September 2018

a) We draw attention to Note 46 a) of the audited Special Purpose interim consolidated Ind AS financial statements, which describes the impact of INR 1,161.76 lakhs as an adjustment related to assessment of the impairment of investment in MCA Phosphates Pte Ltd, a joint venture company, which had led to a restatement of the consolidated financial statements for the year ended 31 March 2018.

b) We draw attention to Note 43 of the audited Special Purpose interim consolidated Ind AS financial statements, wherein the Parent Company is carrying receivable of INR 1,949.03 lakhs in relation to the subsidy income accrued during the year ended March 31, 2013. Based on the legal opinion obtained by the Parent Company, the amount is fully recoverable from the department of fertilizers. Pending settlement of the differential subsidy amount as more fully explained in note, the Parent Company has not made any provision in this regard in the financial statements.

c) We draw attention to Note 7 of the audited Special Purpose interim consolidated Ind AS financial statements, regarding Goods and Services Tax ('GST') credit on input services recognized by the Group including the Parent Company based on its assessment and on a legal opinion obtained by its subsidiary and reliance placed on an order of High Court of Gujarat providing interim relief in a similar matter. The Parent Company has also filed a writ petition in the High Court of Bombay at Goa and is confident of matter being to be decided in its favor.

d) We draw attention to Note 18 of the audited Special Purpose interim consolidated Ind AS financial statements, regarding Urea Concession Income from the Government of India (GOI) in case of one subsidiary, which is being recognised based on estimates, and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme.

b) As at and for the year ended 31 March 2018

a) We draw attention to Note 43 of the consolidated Ind AS financial statements, wherein the Parent Company is carrying receivable of INR 1,949.03 lakhs in relation to subsidy income accrued for the year ended 31 March 2013. The subsidy income is receivable since March 2013. Based on the legal opinion obtained by the Parent Company, the amount is fully recoverable from the department of fertilisers. Pending settlement of the differential subsidy amount as more fully explained in note, the Parent Company has not made any provision in this regard in the financial statements.

b) Attention is invited to Note 18 of the consolidated Ind AS financial statements, regarding Urea Concession Income from the Government of India (GOI), which is being recognised based on estimates and changes, if any, are recognised in the year of finalisation of the prices by the GOI under the scheme.

Zuari Agro Chemicals Limited
Annexure - VI
Statement of Restatement Adjustment to Audited Consolidated Financial Statements

The management has considered that no quantitative adjustments are required in the restated Ind AS consolidated summary statements for qualification in the Annexure 1 to the Auditor's report on the consolidated Ind AS financial statements as at and for the year ended 31 March 2018 and consolidated financial statements as at and for the year ended 31 March 2016 which do not require any quantitative adjustment in the restated Ind AS consolidated summary statements are as follows:

a) As at and for the year ended 31 March 2018

The Parent Company’s internal financial controls over evaluation of provision for impairment in the value of investments were not operating effectively which could potentially result in the Parent Company not recognising provision for impairment in the value of investments.

b) As at and for the year ended 31 March 2016

The Parent Company’s internal financial controls over evaluation of provision for doubtful advances were not operating effectively which could potentially result in the Parent Company not recognising provision for doubtful advances.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm's registration no. 301003E/E300005

For and on behalf of the Board of Directors of
Zuari Agro Chemicals Limited

per Vishal Sharma
Partner
Membership No. 096766

Sunil Sethy
Managing Director
DIN: 00244104

N. Suresh Krishnan
Director
DIN: 00021965

Sandeep Agrawal
Chief Financial Officer

Place of signature : Gurugram
Date:

Place of signature : Gurugram
Date:

OTHER FINANCIAL INFORMATION

1. The audited standalone financial statements of our Company for Fiscals 2018, 2017 and 2016, respectively ("**Company's Financial Statements**") are available at https://www.zuari.in/investor/annual_reports. Further, the audited standalone financial statements of our material subsidiary, Mangalore Chemicals & Fertilizers Limited for Fiscals 2018, 2017, 2016 ("**Subsidiary's Financial Statements**") are available at https://zuari.in/investor/financial_statements. For this purpose, a subsidiary shall be considered 'material' if it contributes 10% or more to the turnover or net-worth or profit before tax of our Company in its audited consolidated financial statements, in the respective Fiscal. The definitions of turnover, net-worth and profits before tax have the same meaning as ascribed to them in the Companies Act.

   Our Company is providing these links to its website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Company's Financial Statements and the Subsidiary's Financial Statements do not constitute, (i) a part of this Draft Letter of Offer; or (ii) an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or an offer letter to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Company's Financial Statements and the Subsidiary's Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company, or any entity in which its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor the Lead Manager or the Promoters, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Company's Financial Statements and the Subsidiary's Financial Statements, or the opinions expressed therein.

2. The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	**As on/ For the six month period ended September 30, 2018**	**As on/ For Fiscal 2018**	**As on/ For Fiscal 2017**	**As on/ For Fiscal 2016**
Basic Earnings/ (loss) per Equity Share (₹)	3.04*	32.57	10.07	(24.21)
Diluted Earnings/ (loss) per Equity Share (₹) (Refer note 1)	3.04*	32.57	10.07	(24.21)
Return on Net Worth Ratio	0.85*	9.24	3.14	(7.78)
Net Asset Value Per Equity Share (₹)	452.80	445.39	407.71	395.12
Earnings before interest, tax, depreciation and amortisation (EBITDA) (₹ in lakhs)	27,854.60	61,327.41	48,481.95	16,381.64

**Not Annualised*

The ratios have been computed as under:

1. *Basic and diluted earnings/ (loss) per equity share: Profit / (loss) for the period attributable to equity shareholders of the parent divided by total weighted average number of equity shares outstanding at the end of the period. Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*

2. *Return on Net Worth Ratio: Profit/ (loss) for the period attributable to equity shareholders of the parent divided by Net Worth as attributable to equity shareholders of the parent at the end of the year/period.*

3. *Net assets value per equity share (₹): Net assets at the end of the year/period divided by Total number of weighted average equity share outstanding at the end of the year/ period*

   Net asset means total assets minus total liabilities excluding revaluation reserves.

   Net Worth = Net worth means the aggregate value of equity share capital and other equity created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

4. *EBITDA = EBITDA stands for earnings before interest, taxes, depreciation and amortization.*

   Accounting and other ratios shall be based on the financial statements prepared on the basis of Indian Accounting Standards.

The following table sets forth the reconciliation of our Net profit/ (loss) to EBITDA:

	30 September 2018	31 March 2018	31 March 2017	31 March 2016
Profit/ (loss) before tax (in ₹ lakhs)	2,406.99	19,509.01	7,032.34	(20,001.61)
Add: Finance costs (in ₹ lakhs)	23,617.12	39,921.81	38,584.63	34,087.17
Add: Depreciation and amortization expense (in ₹ lakhs)	4,215.23	8,252.77	7,733.46	6,626.59
Less : Interest Income (in ₹ lakhs)	2,384.74	6,356.18	4,868.48	4,330.51
Earnings before interest, depreciation, tax and amortization (in ₹ lakhs) (EBIDTA):	**27,854.60**	**61,327.41**	**48,481.95**	**16,381.64**

LIMITED REVIEW FINANCIAL INFORMATION

Sr. No.	Financial Statements	Page No.
1.	Limited Review Financial Results	259 - 267

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2018, derived from our Restated Ind AS Consolidated Summary Statements, and as adjusted for this Issue. This table should be read in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Statements" and "Risk Factors" on pages 269,154 and 16, respectively.

Particulars	**Pre-Issue as at September 30, 2018 (in ₹ lakhs)**	**As adjusted for the proposed Issue (in ₹ lakhs)****
Total borrowings		
Current borrowings* (A)	3,18,053.00	[●]
Non-current borrowings (including current maturity)* (B)	90,627.70	[●]
Total borrowings[2] (C) = (A) + (B)	**4,08,680.70**	**[●]**
Equity attributable to equity holders of the group		
Equity share capital*	4,205.80	[●]
Other equity*	1,44,624.84	[●]
Equity attributable to equity holders of the group(D)	**1,48,830.64**	**[●]**
Non-current borrowings (including current maturity) / Equity attributable to equity holders of the group (B) / (D)	**0.61**	[●]
Total borrowings/Equity attributable to equity holders of the group (C) / (D)	**2.75**	[●]

**The terms shall have the same meaning as per Schedule III of the Companies Act, 2013.*

*** Assuming conversion of CCDs into Equity Shares on the Maturity Date*

Notes:

1. *The above has been derived from the restated Ind AS consolidated summary statement of assets and liabilities of the company as on September 30, 2018.*
2. *Total borrowings represent the sum of current borrowings and non-current borrowings (including current maturity).*
3. *The corresponding post-Issue capitalisation data for each of the above amounts given in the table is not determinable at this stage pending the determination of terms of the Issue and hence, the same have not been provided in the above statement.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Ind AS Consolidated Summary Statements for the six month period ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016, including the notes thereto and reports thereon, each included in this document, and our assessment of the factors that may affect our prospects and performance in future periods. Our Restated Ind AS Consolidated Summary Statements included in this Draft Letter of Offer comprise our restated Ind AS consolidated summary statements for the six months ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016. Our consolidated audited financial statements are prepared in accordance with Ind AS, the Companies Act, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Accordingly, the degree to which our Restated Ind AS Consolidated Summary Statements in this document will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements. As such, you should also read "Risk Factors" and "Forward-Looking Statements" sections in this document on pages 16 and 10, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

In this section, references to "we" and "our" are to our Company, its Subsidiaries and its Joint Venture(s) on a consolidated basis.

The fiscal year for our Company, its Subsidiaries and its Joint Ventures ends on March 31 of each year, so all references to a particular "Financial Year", "Fiscal Year" or "Fiscal" are to the 12-month period ended March 31 of that year. Unless otherwise specified, all amounts in this section are stated on a consolidated basis. Further, unless otherwise indicated, the financial information included herein is based on our Restated Ind AS Consolidated Summary Statements included in this Draft Letter of Offer.

Overview

We are amongst the largest manufacturers of phosphatic fertilisers and one of the major players manufacturing water soluble fertilisers in India, according to the ICRA Report. We manufacture fertilisers, speciality fertilisers, micro nutrients, seeds and chemicals. We market our products under well recognised brand names "*Jai Kisaan*", "*Jai Kisaan-Mangala*" and "*Jai Kisaan-Navratna*".

Zuari Global Limited, our Promoter was incorporated in 1967 as a manufacturer of fertilisers and was promoted by Late Dr. K. K. Birla. Our Company is part of the Adventz group which has a presence in four verticals namely, agribusiness, engineering & infrastructure, lifestyle & real estate & investment, management & travel services.

In 2012, the fertiliser undertaking of Zuari Industries Limited (now known as Zuari Global Limited) was demerged and vested in our Company. With effect from November 13, 2017, our subsidiaries ZFCL, ZASL and ZSFL, were amalgamated into our Company, with an appointed date of April 1, 2015.

Our products (manufactured and/or marketed) are primarily inputs for the agricultural sector such as:

(a) Fertilisers: Urea, NPK Complex fertilisers, Muriate of Potash ("**MOP**"), Single Super Phosphate ("**SSP**") and Di Ammonium Phosphate ("**DAP**");

(b) Speciality fertilisers: 100% water soluble ("**NPK**") fertilisers;

(c) Micro-nutrients: Zinc, Sulphur and Boron;

(d) Organic manure and soil conditioners (zypmite);

(e) Crop protection chemicals: pesticides, insecticides, fungicides and herbicides;

(f) Seeds: hybrids including cotton, maize, paddy and mustard;

(g) Chemicals: Ammonium bicarbonate and Sulphonated Napthaline Formaldehyde ("**SNF**").

We manufacture and market the above-mentioned products either on our own or through our Subsidiaries and Joint Ventures. We have a total of seven manufacturing facilities. We operate one manufacturing facility in Goa, two facilities in Maharashtra, and one facility each in Telangana, Andhra Pradesh, Odisha and Karnataka.

Our Subsidiary, Mangalore Chemicals & Fertilizers Limited ("**MCFL**"), in which our Company holds 53.03% of equity share capital, manufactures urea, other complex fertilisers, crop protection chemicals, crop nutrition products and chemicals at its Mangalore facility.

In Fiscal 2012, our Company acquired 50% stake in Zuari Maroc Phosphates Private Limited ("**ZMPPL**") from Zuari Global Limited. ZMPPL, is a joint venture of our Company and Maroc Phospore S.A., Morocco, which holds 80.45% of the equity share capital of Paradeep Phosphates Limited ("**PPL**") with the balance being held by the GoI. PPL manufactures and markets straight and complex fertilisers such as DAP, various grades of NPK and MOP.

In Fiscal 2014, our Company acquired 30% equity stake in MCA Phosphates Pte Limited ("**MCA**") from Zuari Global Limited. MCA is a joint venture between us and Mitsubishi Corporation, Japan which holds the balance stake in MCA. MCA has, in turn, acquired a 30% equity stake in Fosfatos del Pacifico, Peru ("**FDP**") which has a right to develop a rock phosphate mine in Peru. Currently, our Company is involved in an ongoing dispute with Mitsubishi Corporation, in relation to our shareholding in MCA. For further details, see "*Outstanding Litigation and Other Material Developments – Litigations involving our Company"* on page 327.

We sell our products through a network of dealers and sub-dealers. We also sell directly through Jai Kisaan Junctions. As of September 30, 2018, we had a network of 12,162 dealers and 1,52,826 sub-dealers and 250 Jai Kisaan Junctions.

Our total revenue for the six month period ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016 was ₹4,46,962.92 lakhs, ₹7,36,684.96 lakhs, ₹6,47,184.70 lakhs and ₹7,64,397.87 lakhs, respectively. Our revenue from operations for the six month period ended September 30, 2018 and for the Fiscals 2018, 2017 and 2016 was ₹4,44,015.56 lakhs, ₹7,27,971.20 lakhs, ₹6,41,549.58 lakhs and ₹7,58,164.36 lakhs, respectively. Our profit for the six month period ended September 30, 2018 and for the Fiscals 2018 and 2017 was ₹2,308.17 lakhs, ₹16,560.12 lakhs and ₹5,426.88 lakhs, respectively and there was a loss of ₹11,647.81 lakhs for the Fiscal 2016.

Factors affecting financial condition, results of operations and cash flows of our Company and its subsidiaries

Our financial condition, results of operations and cash flows are affected by numerous factors including the following factors of particular importance:

The performance and growth of the Indian agricultural sector and macroeconomic indicators

Our overall business prospects are significantly integrated with India's agricultural sector in which these products are used. The performance of the agricultural sector and, consequently, the demand for our fertilizers and other products, is dependent on factors such as the area under cultivation, soil quality, climatic conditions, crop prices, agrarian distress and the availability of credit to farmers. Further, the demand for our fertilizers is dependent on the cropping pattern which may vary year on year for the major crops. Any adverse variance in these factors would be detrimental to the performance of the agricultural sector in which our products are used, and may adversely affect our business, results of operations and financial condition.

Further, our business is affected by seasonal variations and adverse weather conditions. In particular, our business prospects are also reliant on the monsoons in India. Delayed monsoons or flooding can also prevent planting from occurring at optimal times, and may cause crop loss which in turn could adversely affect farmers' investment ability. The resulting negative impact on farm income due to any of the above factors may affect the demand for our products.

Seasonal nature of our business

Our business is seasonal. Farmers tend to apply fertilizer during two short application periods, during the two major crop seasons in the country, i.e., rabi and kharif. The strongest demand for our products typically occurs during the planting season. In contrast, we and other fertilizer producers generally produce products throughout the year. As a result, we and our customers generally build inventories during the low demand periods of the year in order to ensure timely product availability during the peak sales seasons. The seasonality of fertilizer demand results in our sales volumes and net sales being highest during the two major crop seasons and our working capital requirements typically being highest just prior to the start of the agricultural season. Additionally, Indian agriculture is largely dependent on the monsoon. A poor monsoon may result in a lower demand for our fertilizers, causing a build-up of inventory and a negative effect on our profit margins.

If seasonal demand exceeds our projections, we will not have enough product and our customers may acquire products from our competitors, which would negatively impact our profitability. If seasonal demand is less than we expect, we will be left with excess inventory that will have to be stored or liquidated.

Government policies and grant of subsidy for the manufacturing fertilizers

Our sales in India are, to a large extent, dependent upon the availability of subsidies for manufacturing fertilizers. Government regulations and subsidy policies can significantly affect the demand for, expenses related to and availability of our products. The fertilizer industry is a highly regulated industry and any change in the current regulatory environment or the subsidies we are granted by the Government may materially affect our business, and its financial condition.

Subsidies comprised of ₹1,98,474.88 lakhs of the revenue for the six months ended September 30, 2018, ₹3,35,738.70 lakhs of the revenues for Fiscal 2018, ₹2,77,868.82 lakhs of our revenues for Fiscal 2017 and ₹3,68,288.46 lakhs of the revenues for Fiscal 2016. Subsidy claims were written off for ₹138.70 lakhs for the six months ended September 30, 2018, ₹138.90 lakhs in Fiscal 2018, ₹185.29 lakhs in Fiscal 2017, and ₹40.60 lakhs in Fiscal 2016. Subsidy receivable from government, as an unsecured, considered good was ₹2,22,933.50 lakhs for six month ended September 30, 2018, ₹2,51,196.11 lakhs for Fiscal 2018, ₹2,18,988.51 lakhs for Fiscal 2017 and ₹2,74,575.84 lakhs for Fiscal 2016. Importantly, credit risk is zero for subsidy receivable from the Government. Subsidies are granted to us for the production of urea, under the New Urea Policy – 2015 (stage III of the New Pricing Scheme upto May 31, 2015), and for the production of complex fertilizers, under the nutrient based-subsidy scheme.

Any change in the Government policies with respect to fertilizers covered under such subsidy schemes may affect our sales and profitability. For instance, under the New Urea Policy – 2015, the maximum retail price of urea is statutorily determined by the Government, which is ₹5,378.00 per metric ton as on date. Although we receive a subsidy from the Government for the difference between the delivered cost of urea and the determined maximum retail price, we will not be permitted to maintain or increase our profit margin by raising the retail price of our Urea. Further, any delay in determination and receipt of subsidy from the Central Government may also affect our cash flows and profitability.

Well recognized brand names

We are recognized for the superior quality of our products, and our diversified product offerings, which include fertilizers, seeds, pesticides, micro nutrients, organic manure and speciality fertilizers. We market these products under brand names “Jai Kisaan”, “Jai Kisaan - Mangala”, and “Jai Kisaan - Navratna”. Our key brands and key markets are as follows:

Brand	Entity	Key markets
Jai Kisaan	Our Company	Goa, Maharashtra, Andhra Pradesh, Karnataka and Telangana
Jai Kisaan - Navratna	PPL	Orissa, West Bengal, Chhattisgarh, Bihar, Uttar Pradesh, Andhra Pradesh, North East
Jai Kisaan - Mangala	MCFL	Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Kerala

However, the availability of spurious, look-alike and counterfeit products or the negative publicity of our products could lead to loss of revenues and harm the reputation of our product and consequently our Company. We are exposed to the risk that competing entities could pass off their products as ours, including spurious or pirated products. For example, certain entities could imitate our brand name, or packaging material. There could also be attempts to show our products in bad light. These may lead to the reduction our market share, due to a decrease in demand for our products, due to which, we may not be able to recover our initial development costs or experience losses in revenues. It might also harm the reputation of our brands and consequently our Company.

Cost and Availability of Raw Materials

We source a significant proportion of our raw material requirement from foreign suppliers. Our raw materials such as Ammonia, Phosphoric acid, and MOP and Rock Phosphate are imported from various countries to manufacture our products. This is primarily because there are no viable sources and reserves for these raw materials in India. Any fluctuations in the price, availability and quality of raw materials could cause delay and/or increase our costs. Further, we are also dependent on a few identified suppliers for sourcing some of our raw materials. For instance, for the six months period ended September 30, 2018 and Fiscal 2018, 90% and 79% of our supply of Phosphoric Acid was obtained from a single supplier. For further details, see "*Risk Factors - We rely significantly on our suppliers and if these suppliers fail to deliver necessary raw material and traded products of appropriate quality in a timely manner our operations may be disrupted.*" on page 17.

We have not entered into any exclusivity agreements with any of our suppliers. Therefore, our suppliers of raw materials may allocate their resources to service other clients ahead of us. Therefore, any failure of our suppliers to deliver these raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality.

Capital expenditure for new capacities

We are currently undertaking an integrated modernisation and energy efficiency programme for our ammonia and urea manufacturing facilities at Goa and Mangalore. This is expected to substantially reduce our energy consumption, which is expected to improve our profitability. We are also carrying out steps to improve the efficiency of our complex fertilizer plants at Paradip for enhancement of production capacity, which is expected to improve profitability.

We believe that implementation of energy efficiency programme and the improvement of efficiency of our complex fertilizer plant at Paradip is integral to our achievement of economies of scale. However, this may be subject to the possibility of unanticipated future regulatory restrictions and diversion of management resources. Our future results of operations will depend materially on our ability to achieve our targeted production levels and return on investment on these capital expenditures.

Foreign currency fluctuations

A substantial amount of our raw material is sourced from various countries. This is primarily due to the lack of viable sources and reserves for these raw materials in India. Raw materials that we purchase from foreign suppliers are more affordable to us when the Indian Rupee is strong relative to such currency of the foreign suppliers, which positively impacts raw material supply and pricing for us. This may, consequently, significantly affect our revenue, costs and margins. Our operating results can, thus, be significantly affected by changes in currency exchange.

Significant Accounting Policies

(a) Basis of Preparation

The Restated Ind AS Consolidated Summary Statement of Assets and Liabilities of the group as at 30 September 2018, 31 March 2018, 31 March 2017 and 31 March 2016 and the Restated Ind AS Consolidated Summary Statement of Profit and Loss, the Restated Ind AS Consolidated Summary Statement of Changes in Equity and the Restated Ind AS Consolidated Summary Statement of Cash Flows for the period ended 30 September 2018 and for the years ended 31 March 2018, 31 March 2017 and 31 March 2016 and Notes to Restated Ind AS Consolidated Summary Statements (hereinafter collectively referred to as "Restated Ind AS Consolidated Summary Statements") has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013. The Restated Ind AS Consolidated Summary Statements has been compiled by the group for the period ended 30 September 2018, year ended 31 March 2018, 31 March 2017 and 31 March 2016 from the Audited Consolidated Financial Statements of the Group.

The Restated Ind AS Consolidated Summary Statements have been prepared by the Management in connection with the proposed issue of compulsory convertible debentures of the Parent Company by way of a right issue, which is to be filed by Company with the Securities and Exchange Board of India ("SEBI"), and the concerned Stock Exchanges in accordance with the requirements of:

a) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued by the SEBI, in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (referred to as the "regulations").

The Restated Ind AS Consolidated Summary Statements have been extracted by the Management from the Audited Consolidated Financial Statements and:

a) have been made after incorporating adjustments for changes in accounting policies, material errors and regrouping/reclassifications retrospectively in respective financial years to reflect the same accounting treatment as per accounting policies and grouping/classifications followed as at September 30, 2018 and for the period ended September 30, 2018;

b) have been made after giving effect to the matters giving rise to modifications in paragraph d below;

c) have been prepared in accordance with the ICDR Regulations and Guidance Note; and

d) The qualifications in the auditors' reports on the consolidated Ind AS financial statements as at and for the financial year ended 31 March 2018 and consolidated financial statements as at and for the financial year ended 31 March 2016, which required adjustments to the Restated Ind AS Unconsolidated Summary Statements.

(b) Statement of compliance

The Restated Ind AS Consolidated Summary Statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. The Group has uniformly applied the accounting policies during the periods presented. Financial statement for the year ended 31 March 2017 were the first set of Ind AS financial statements issued by the Group, hence were covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ('Indian GAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Group's Equity, Statement of Profit and Loss and Cash Flow Statement are provided in Note 55.

The Restated Ind AS Consolidated Summary Statements have been prepared on an accrual basis and under the historical cost basis, except for the following assets and liabilities which have been measured at fair value-

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit plans – plan assets measured at fair value.

The Restated Ind AS Consolidated Summary Statements of the Group are presented in Indian Rupee (INR) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

(c) Basis of consolidation

The Restated Ind AS Consolidated Summary Statements comprise the financial statements of the Parent Company and its subsidiaries as at 30 September 2018, 31 March 2018, 31 March 2017 and 31 March 2016. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Restated Ind AS Consolidated Summary Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Restated Ind AS Consolidated Summary Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Restated Ind AS Consolidated Summary Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Restated Ind AS Consolidated Summary Statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Restated Ind AS Consolidated Summary Statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. However, the non-controlling interests have been restricted to zero on the transition date i.e. 1 April 2015 using the exemption provided by the Ind AS 101 and the accumulated losses attributable to the non-controlling interest holders in excess of their equity on the transition date, in the absence of the contractual obligation on the non-controlling interest holders, the same has been accounted for by the Parent Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(d) Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, we have elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(e) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investment in its associate and joint ventures are accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

(i) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

(ii) Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.

The carrying amount of the investment is adjusted to recognise changes in our share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss includes the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(f) Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if

- it is expected to be realized in, or is intended for sale or consumption in, our normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

- it is expected to be settled in the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is due to be settled within twelve months after the reporting date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Group has identified twelve months as its operating cycle.

(g) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the Restated Ind AS Consolidated Summary Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The Restated Ind AS Consolidated Summary Statements are presented in Indian Rupee (**INR**), which is Group's functional and presentation currency.

(ii) Initial recognition

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date the transaction first qualifies for recognition.

(iii) Conversion

Foreign currency monetary items are translated using the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value denominated in a foreign currency are, translated using the exchange rates that existed when the fair value was determined.

(iv) Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit and loss are also recognised in OCI or profit and loss, respectively).

(v) Translation of a foreign operation

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition / business combination of a foreign operation on or after 1 April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations / acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the Parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1 April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

(h) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

(i) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Ind AS Consolidated Summary Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Ind AS Consolidated Summary Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, and significant liabilities, if any.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group's management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

(j) Property, plant and equipment

On transition to Ind AS i.e. 1 April 2015, the Group has elected to continue with the carrying value of all of its property, plant and equipment (**PPE**) recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the PPE (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, including import duties and non- refundable purchase taxes, borrowing costs if recognition criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price (however, in relation to Leasehold land acquired on acquisition of one division (erstwhile joint venture company and became subsidiary company subsequently) have been stated at fair value instead of cost.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing PPE beyond its previously assessed standard of performance. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of the assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(k) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment (other than specific asset referred under Para (a) to (d) below is calculated using the straight-line basis using the rates arrived at, based on the useful lives estimated by the management. For this purpose, a major portion of the plant has been considered as continuous process plant. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of principal asset. The Group has used the following rates to provide depreciation on its property, plant and equipment which are equal to the rates specified in Schedule II to Companies Act, 2013.

	Useful lives estimated by the management (years)
Factory buildings	30 years
Other buildings (RCC structures)	60 years
Other buildings (other than RCC structures)	30 years
Plant and equipment (Continuous process plant)	15 and 25 years
Plant and equipment (Others)	15 years
Furniture and fixtures	10 years
Roads and Culverts	3 to 30 years
Office equipment	3 to 6 years
Vehicles	8 and 10 years
Railway Siding	15 years

(i) In case of the Parent Company, the useful lives of components of certain plant and equipment are estimated as 5 to 20 years. These lives are lower than those indicated in Schedule II.

(ii) In case of the Parent Company, the management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets:

- The useful lives of certain plant and machinery having net block of ₹192.71 lakhs are estimated as 30 to 40 years. These lives are higher than those indicated in schedule II.
- The useful lives of certain buildings having net block of ₹278.48 lakhs are estimated as 15 years. These lives are lower than those indicated in schedule II.

(iii) Insurance / capital / critical stores and spares are depreciated over the remaining useful life of related plant and equipment or useful life of insurance or capital or critical spares, whichever is lower.

(iv) Property, plant and equipment whose value is less than ₹5,000/- are depreciated fully in the year of purchase.

Leasehold land are amortized on a straight-line basis over the lease tenure i.e. 95 years. In respect of the

Parent Company, in case of one of the leasehold land, lease cum sale agreement is for a period of 10 years. Lesser shall sell the property during the currency of the lease period or at the end of the lease period. Hence no depreciation has been provided thereon.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if any.

(l) Intangible Assets

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The following are the acquired intangible assets:

(i) Software

Management of the Group assessed the useful life of software as finite and cost of software is amortized over their estimated useful life of three years on straight line basis.

(ii) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

All expenses incurred on research and development activities are expensed as incurred by the Group since these do not meet the recognition criteria as listed above.

(iii) Goodwill (pursuant to the scheme of amalgamation)

Goodwill acquired through amalgamation of Greentech Seeds International Private Limited with the erstwhile subsidiary company (i.e. Zuari Agri Sciences Limited) which has got merged with the Parent Company, pursuant to the scheme of amalgamation approved by the High Court of Bombay at Panaji (Goa) in an earlier year. As per the order of the High Court of Bombay at Panaji (Goa), Goodwill needs to be amortized over a period of twenty years, without having regard to the Accounting Standard, subject to available surplus for the year before amortization of goodwill.

(iv) Goodwill (pursuant to the scheme of amalgamation)

Goodwill, which arose pursuant to the scheme of amalgamation of Zuari Speciality Fertilisers Limited (ZSFL) with the Parent Company, has got merged with the Parent Company.

(m) Investment Property

The Group has elected to continue with the carrying value for all of its investment property as recognized in its previous GAAP consolidated financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

(n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available, and if no such transactions can be identified an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group’s CGU’s to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods.

(o) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.
For arrangements entered into prior to 1 April 2015, we have determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

(i) Where the Group is the lessee

Finance Leases as a lessee:

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases as a lessee:

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

(p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Debt Instruments-

Subsequent measurement of debt instruments depends on our business model for managing the asset and the cash flow characteristics of the asset. For the purposes of subsequent measurement, debt instruments are classified in three categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income ("**FVTOCI**");
- Debt instruments at fair value through profit or loss ("**FVTPL**").

Debt instruments at amortised cost

A debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("**EIR**") method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent sole payments of principal and interest ("**SPPI**").

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income ("**OCI**"). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity Instruments-

Investments in subsidiaries are subsequently measured at cost.

For the purposes of subsequent measurement of other equity instruments classification is made into below two categories:

- Equity instruments at fair value through profit or loss (FVTPL)

- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity investments other than investments in subsidiaries are measured at fair value. The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument -by-instrument basis. The classification is made on initial recognition and is irrevocable. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(q) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (**ECL**) associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-month ECL.

(i) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss ("**FVTPL**") include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 109 Financial instruments and the amount initially recognised less cumulative amortisation, where appropriate. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(ii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(r) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(s) Dividend to equity holders of the Parent Company

The Group recognises a liability to make dividend distributions to equity holders of the Parent Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(t) Inventories

Inventories are valued at the lower of Cost and Net Realisable Value.

The Cost is determined as follows:

(i) Raw materials and Store and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

(ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Moving weighted average method.

(iii) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Moving weighted average method.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost includes the necessary cost incurred in bringing inventory to its present location and condition necessary for use.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(u) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(v) Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in paragraph 2.B

Sale of goods

Revenue from sale of product is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 15 to 120 days upon delivery.

Revenue from sale of goods, including concession in respect of Urea, DAP, MOP and Complex Fertilizers receivable from the Government of India under the New Pricing Scheme/Concession Scheme, is recognized when the significant risk and rewards of ownership of the goods have passed to the customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Concessions in respect of Urea as notified under the New Pricing Scheme is recognized with adjustments for escalation or de–escalation in the prices of inputs and other adjustments as estimated by the management in accordance with the known policy parameters in this regard.

Subsidy for Phosphatic and Potassic (P&K) fertilizers are recognized as per rates notified by the Government of India in accordance with Nutrient Based Subsidy Policy from time to time.

Uniform freight subsidy on Urea, Complex fertilizers, Imported DAP and MOP has been accounted for in accordance with the parameters and notified rates.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

(w) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(i) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to change in inventory is also recognised for the right to recover products from a customer.

(ii) Volume rebates

The Group provides volume rebates to certain customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(x) Significant financing component

Occasionally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in paragraph xii) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

As per Ind AS 115 and the Educational Material of Ind AS 115, sales tax or VAT is not received by the entity on its own account, it is tax collected on value added to the commodity by the seller on behalf of the Government, therefore, it is excluded from revenue. From 1 July 2017, the GST regime has been introduced, revenue is being recognised net of GST.

Insurance claims and receivable on account of interest from dealers on delayed payment are accounted for to the extent the Group is reasonably certain of their ultimate collection.

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(y) Retirement and other employee benefits

(i) Provident Fund

Retirement benefits in the form of Provident Fund is a defined benefit obligation in respect of fertilizer unit in Goa of the Parent Company and is provided for on the basis of actuarial valuation of projected unit credit method made at the end of each financial year. The difference between the actuarial valuation of the provident fund of employees at the year end and the balance of own managed fund is provided for as liability in the books in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952. Any excess of plan assets over projected benefit obligation is ignored as such surplus is distributed to the beneficiaries of the trust.

Retirement benefits in the form of Provident Fund in case of a subsidiary and other units of the Parent Company is a defined contribution scheme. The Group recognizes contribution payable to the fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

(ii) *Superannuation and Contributory Pension Fund*

The Parent Company has approved Superannuation Fund and Contributory Pension Fund whereas one subsidiary company have only approved Superannuation Fund, which are defined contribution schemes. Retirement benefit in the form of Superannuation Fund and Contributory Pension Fund are defined contribution scheme. The Group has no obligation, other than the contribution payable to the Superannuation Fund and Contributory Pension Fund to Life Insurance Corporation of India (LIC) against the insurance policy taken with them. The Group recognizes contribution payable to the Superannuation Fund and Contributory Pension Fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

(iii) *Gratuity*

Retirement benefit in the form of gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Parent Company and a subsidiary have taken insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and such re-measurement gain / (loss) are not reclassified to the statement of profit and loss in the subsequent periods. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) *Post-Retirement Medical Benefit*

In respect of the Parent Company post-retirement medical benefit is a defined benefit obligation which is provided for based on actuarial valuation on projected unit credit method made at the end of each financial year. Remeasurement, comprising of actuarial gains and losses, are recognised in the period in which they occur, directly in statement of profit & loss.

(v) *Leave Encashment*

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end. The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(vi) *Pension Fund*

In respect of the Parent Company, retirement benefit in the form of family pension fund and National Pension Scheme are defined contribution scheme. The Parent Company has no obligation, other than the contribution payable to the pension fund. The Parent Company recognizes contribution payable to the pension fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the statement of profit and loss.

(vii) *Voluntary Retirement Scheme*

Compensation to employees under the voluntary retirement scheme of the Parent Company is computed on the basis of number of employees exercising the retirement option under the scheme. The present value of the expected obligation is charged to the Statement of Profit and Loss in the year when such scheme is formally announced.

(viii) *Short term employee benefits*

All employee benefits payable or available within twelve months of rendering of service are classified as short term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

(z) Taxes

(i) *Current Income tax and Deferred Tax*

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

*(ii) Goods and Service Tax ("**GST**") / Sales / value added taxes paid on acquisition of assets or on incurring expenses*

When GST amount incurred on purchase of assets or services is not recoverable from the taxation authority, the GST paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Otherwise, expenses and assets are recognized net of the amount of GST paid. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(aa) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Parent Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

(bb) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant or subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(cc) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

In case of seeds division, the Parent Company makes an estimation of probable sales return out of the sales booked during the financial year, considering the terms and condition of the sale and past tendency of such sales return. A provision is made for loss on account of such estimated sales return which is approximate to the amount of profit originally booked on such sale.

(dd) Segment Reporting Policies

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Chief Operating Decision Maker review the performance of the Group according to the nature of products manufactured, traded and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the locations of customers.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting Restated Ind AS Consolidated Summary Statements of the Group as a whole.

(ee) Significant accounting judgements, estimates and assumptions

The preparation of the Group’s Restated Ind AS Consolidated Summary Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Defined benefit plans

The cost of the defined benefit gratuity plan, post-employment medical benefits and other defined benefit plans and the present value of the obligation of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for defined benefit plans, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on the expected future inflation rates. Further details about the defined benefit obligations are given in note 32.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where ever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 36 for further disclosures.

(iii) Useful life of Property, plant and equipment

The management estimates the useful life and residual value of property, plant and equipment based on technical evaluation. These assumptions are reviewed at each reporting date.

(iv) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

(v) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(ff) Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

(gg) Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group’s expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer’s historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group’s past experience regarding returns and rebate entitlements may not be representative of customers’ actual returns and rebate entitlements in the future.

(hh) Changes in accounting policies and disclosures

New and amended standards

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in September 2018, but do not have an impact on the Restated Ind AS Consolidated Summary Statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption. Under the modified retrospective approach, there were no significant adjustments required to the retained earnings at 1 April 2018 in the Restated Ind AS Consolidated Summary Statements. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the Restated Ind AS Consolidated Summary Statements.

Amendment to Ind AS 20 Government grant related to non-monetary asset

The amendment clarifies that where the government grant related to asset, including non-monetary grant at fair value, shall be presented in balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Prior to the amendment, Ind AS 20 did not allow the option to present asset related grant by deducting the grant from the carrying amount of the asset. These amendments do not have any impact on the Restated Ind AS Consolidated Summary Statements as the Group continues to present grant relating to asset by setting up the grant as deferred income.

Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Group’s Restated Ind AS Consolidated Summary Statements.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group’s Restated Ind AS Consolidated Summary Statements.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group’s Restated Ind AS Consolidated Summary Statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's Restated Ind AS Consolidated Summary Statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments do not have any impact on the Group's Restated Ind AS Consolidated Summary Statements.

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's Restated Ind AS Consolidated Summary Statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.

Transition to Ind AS 116

The Group plans to adopt Ind AS 116 retrospectively to each prior reporting period presented. The Group will elect to apply the standard to contracts that were previously identified as leases applying Ind AS 17. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

These amendments do not have any impact on our Restated Ind AS Consolidated Summary Statements.

Results of operations

The following table sets forth certain items derived from our Restated Ind AS Consolidated Summary Statements for the six months period ended September 30, 2018, Fiscal 2018, Fiscal 2017, and Fiscal 2016:

(in ₹ lakhs, except percentage)

Particulars	Six months period ended September 30, 2018		Fiscal 2018		Fiscal 2017		Fiscal 2016	
	₹in lakhs	***% of total revenue***	***₹in lakhs***	***% of total revenue***	***₹in lakhs***	***% of total revenue***	***₹in lakhs***	***% of total revenue***
REVENUE								
Revenue from operations	4,44,015.56	99.34	7,27,971.20	98.82	6,41,549.58	99.13	7,58,164.36	99.18
Other Income	2,947.36	0.66	8,713.76	1.18	5,635.12	0.87	6,233.51	0.82
Total Revenue	**4,46,962.92**	**100.00**	**7,36,684.96**	**100.00**	**6,47,184.70**	**100.00**	**7,64,397.87**	**100.00**
EXPENSES								
Cost of raw material and components consumed	2,14,421.15	47.97	3,47,515.57	47.17	2,98,874.39	46.18	3,56,980.00	46.70
Purchases of traded goods	1,27,897.21	28.61	2,05,531.37	27.90	1,57,445.77	24.33	2,29,176.80	29.98
Changes in inventories of finished goods, traded goods and work in progress	(12,981.84)	(2.90)	(34,355.07)	(4.66)	1,138.42	0.18	7,260.69	0.95
Excise duty on sale of goods	-	-	608.17	0.08	2,997.25	0.46	2,945.88	0.39
Employee benefits expenses	8,799.09	1.97	16,310.49	2.21	16,051.25	2.48	15,079.31	1.97
Finance costs	23,617.12	5.28	39,921.81	5.42	38,584.63	5.96	34,087.17	4.46
Depreciation and amortization expenses	4,215.23	0.94	8,252.77	1.12	7,733.46	1.19	6,626.59	0.87
Other expenses	81,231.39	18.17	1,37,598.39	18.68	1,22,315.38	18.90	1,32,553.11	17.34
Total Expenses	**4,47,199.35**	**100.05**	**7,21,383.50**	**97.92**	**6,45,140.55**	**99.68**	**7,84,709.55**	**102.66**
Profit/(loss) before share of profit/(loss) of joint ventures, exceptional items and tax	**(236.43)**	**(0.05)**	**15,301.46**	**2.08**	**2,044.15**	**0.32**	**(20,311.68)**	**(2.66)**
Share of profit of joint venture partners (net of tax)	2,643.42	0.59	6,762.85	0.92	4,988.19	0.77	488.41	0.06
Profit/(loss) before exceptional items and tax	**2,406.99**	**0.54**	**22,064.31**	**3.00**	**7,032.34**	**1.09**	**(19,823.27)**	**(2.59)**
Exceptional items	-	-	2,555.30	0.35	-	-	178.34	0.02
Profit / (Loss) before tax	**2,406.99**	**0.54**	**19,509.01**	**2.65**	**7,032.34**	**1.09**	**(20,001.61)**	**(2.62)**
Tax expense:								
Current tax / (credit)	959.13	0.21	3,566.29	0.48	680.00	0.11	(4.64)	(0.00)
Deferred tax / (credit)	(860.31)	(0.19)	(617.40)	(0.08)	925.46	0.14	(8,349.16)	(1.09)
Income tax expense	**98.82**	**0.02**	**2,948.89**	**0.40**	**1,605.46**	**0.25**	**(8,353.80)**	**(1.09)**
Profit/ (Loss) for the period	**2,308.17**	**0.52**	**16,560.12**	**2.25**	**5,426.88**	**0.84**	**(11,647.81)**	**(1.52)**
Other comprehensive income / (loss), net of tax	**(410.92)**	**(0.09)**	**(1,340.52)**	**(0.18)**	**1,214.43**	**0.19**	**(3,157.94)**	**(0.41)**
Items that will not be reclassified to profit or loss								
Re-measurement gains/ (losses) on defined benefit plans	293.56	0.07	39.40	0.01	163.23	0.03	(1.96)	(0.00)
Income tax effect	(102.59)	(0.02)	(13.77)	(0.00)	(56.49)	(0.01)	0.68	0.00
Net (loss)/gain on FVTOCI financial instruments	(1,892.81)	(0.42)	(1,373.14)	(0.19)	1,292.02	0.20	(4,068.71)	(0.53)
Share of other comprehensive income (OCI) of joint venture (net of tax)	(91.39)	(0.02)	102.81	0.01	35.76	0.01	176.82	0.02
Items that will be reclassified to profit or loss								

Particulars	Six months period ended September 30, 2018		Fiscal 2018		Fiscal 2017		Fiscal 2016	
	₹in lakhs	*% of total revenue*	*₹in lakhs*	*% of total revenue*	*₹in lakhs*	*% of total revenue*	*₹in lakhs*	*% of total revenue*
Share of OCI of joint ventures (net of tax)	-	-	(159.67)	(0.02)	55.87	0.01	103.80	0.01
Exchange differences on translation of foreign operations	1,382.31	0.31	63.85	0.01	(275.96)	(0.04)	631.43	0.08
Total comprehensive income / (loss) for the period, net of tax	**1,897.25**	**0.42**	**15,219.60**	**2.07**	**6,641.31**	**1.03**	**(14,805.75)**	**(1.94)**

Components of Revenue

The components of our revenue are set forth as below:

Total Revenue

Our total revenue includes revenue from operations and other income.

Revenue from operations

Our revenue from operations includes (i) revenue from sale of products (including excise duty) and (ii) other operating revenues.

Sale of products (including excise duty)

Sale of products includes the sales of finished products and sales of traded products in India. Sales of finished products and traded products include government subsidies. Sales of finished products that we manufacture at our manufacturing facilities, including DAP, MOP, SSP, urea, other complex fertilizers, pesticides, seeds and water-soluble fertilizers. Sales of traded products include sales of DAP, MOP, specialty fertilizers, complex fertilizers, pesticides, and urea.

Other operating revenues

Other operating revenue includes the revenue received from the rendering of services and sale of scrap.

Other income

Our other income consists of (i) interest income on (a) bank deposits, (b) inter-corporate loans, (c) overdue debtors, employee loans etc., (d) income tax refund; (ii) dividend income on current investments; (iii) dividend income on non-current investments; (iv) rent received; (v) service income - staff deployment and other supports; (vi) excess provision/unclaimed liabilities/unclaimed balances written back; (vii) incentive under Packing Scheme Incentive ("**PSI**") scheme; (viii) profit on sale of current investments; (ix) foreign exchange variation (net); (x) insurance claim and (xi) miscellaneous income.

Components of Expenses

The operating expenses consist of (i) cost of raw material and components consumed, (ii) purchases of traded goods, (iii) changes in inventories of finished goods, traded goods and work in progress, (iv) excise duty on sale of goods, (v) employee benefits expense, (vi) finance costs, (vii) depreciation and amortization expense, and (viii) other expenses.

Cost of Raw Material and Components Consumed

Our cost of raw material and components consumed comprises costs incurred towards the purchase of all raw materials required for our manufacturing operations. The key raw materials consumed for the manufacturing of our Company and its subsidiaries' products include natural gas, phosphoric acid, ammonia, purchased urea, rock phosphates, MOP, among other raw materials and packing materials.

Purchases of Traded Goods

The purchase of traded goods primarily comprises the cost of products such as traded fertilizers, including DAP, MOP, complex fertilizers, speciality fertilizers, purchased urea and pesticides.

Changes in Inventories of Finished Goods, Traded Goods and Work in Progress

The changes in inventories of finished goods work-in-progress and traded goods primarily comprises the cost of changes to inventories of (i) finished goods, such as urea, DAP, and others; (ii) traded goods, including DAP, MOP, SSP, complex fertilizers, speciality fertilizers, pesticides and seeds; and (iii) work-in-progress Ammonia.

Excise Duty on Sale of Goods

Excise duty comprised of duty paid on the sale of goods manufactured by us, and the change in excise duty on inventories. Before the introduction of GST, excise duty was levied on all fertilizers and was exempt on seeds.

Employee benefits expense

Employee benefits expense includes salaries, wages and bonus; contribution to provident and other funds; post-retirement medical benefit; gratuity; and staff welfare expenses.

Finance Costs

Finance costs primarily comprises interest expense, interest on income tax, exchange difference considered an adjustment to borrowing cost, and other finance charges.

Depreciation and Amortization Expense

Depreciation and amortization expense comprises expenses relating to the depreciation on property, plant and equipment, and the amortization of intangible assets.

Other expenses

Other expenses include, (i) stores and spares consumed; (ii) power, fuel and water; (iii) bagging and other contracting charges; (iv) outward freight and handling; (v) rent; (vi) advances written off; (vii) rates and taxes; (viii) insurance; (ix) repairs and maintenance of buildings, plant and machinery, and others; (x) payment to statutory auditors; (xi) royalty on sales; (xii) provision for doubtful receivables / advances; (xiii) provision for GST refund receivable; (xiv) research and development expenses; (xv) subsidy claims written off; (xvi) foreign exchange variation (net); (xvii) impairment of capital work-in-progress; (xviii) net loss on disposal of property, plant and equipment; (xix) donation; (xx) CSR expenditure; and (xxi) miscellaneous expenses.

Results of Operations of our Company and its Subsidiaries

Six months ended September 30, 2018

Revenue

Our total revenue was ₹4,46,962.92 lakhs for the six months ended September 30, 2018, which consisted of revenue from operations of ₹4,44,015.56 lakhs and other income of ₹2,947.36 lakhs.

Revenue from Operations

Our revenue from operations for the six months end September 30, 2018 was ₹4,44,015.56 lakhs which comprised of sale of finished products of ₹2,95,376.65 lakhs, sale of traded products of ₹1,47,979.89 lakhs, rendering of services of ₹370.19 lakhs and scrap sales of ₹288.83 lakhs.

Other income

Our other income consisted primarily of interest income on overdue debtors, employee loans etc. of ₹2,052.22 lakhs, miscellaneous income of ₹501.70 lakhs, interest income on income tax refund of ₹119.29 lakhs, interest income on bank deposits of ₹136.51 lakhs, interest income on inter-corporate loans of ₹76.72 lakhs, rent received of ₹45.49 lakhs, incentive under packing scheme incentive of ₹8.53 lakhs.

Expenses

Our total expenses for the six months period ended September 30, 2018 were ₹4,47,199.35. Our total expenses as a percentage of total revenue was 100.05% for the six months ended September 30, 2018.

Cost of raw materials and components consumed

Our cost of raw materials and components consumed was ₹2,14,421.15 lakhs. This cost was primarily due to purchase of raw material like phosphoric acid, Ammonia, MOP, and other raw materials which are required for manufacture of fertilizers. As a percentage of total revenue, our cost of raw materials and components consumed was 47.97% for the six months ended September 30, 2018.

Purchases of traded goods

Our expenses due to purchases of traded goods was ₹1,27,897.21 lakhs. These consisted primarily of purchase of DAP of ₹68,175.61 lakhs, purchase of MOP of ₹26,249.34 lakhs, purchase of pesticides of ₹11,542.44 lakhs, purchase of complex fertilizers of ₹8,652.82 lakhs, and purchase of speciality fertilizers of ₹4,078.99 lakhs. As a percentage of total revenue, our expenses due to purchases of traded goods was 28.61% for the six months ended September 30, 2018.

Changes in inventories of finished goods, traded goods and work in progress

Our expenses due to changes in inventories of finished goods, traded goods and work in progress was ₹(12,981.84) lakhs. As a percentage of total revenue, our expenses due to changes in inventories of finished goods, traded goods and work in progress was (2.90)% for the six months ended September 30, 2018.

Employee benefits expense

Our employee benefits expense was ₹8,799.09 lakhs. This primarily consisted of expenses towards salaries, wages and bonus of ₹7330.41 lakhs, staff welfare expenses of ₹765.15 lakhs, contribution to provident and other benefit funds of ₹551.67 lakhs, and gratuity of ₹151.86 lakhs.

As a percentage of total revenue, our employee benefits expense was 1.97% for the six months ended September 30, 2018.

Finance costs

Our finance costs were ₹23,617.12 lakhs. These consisted primarily of interest expense of ₹19,376.62 lakhs and other finance charges of ₹2,586.56 lakhs, and exchange difference to the extent considered as an adjustment to borrowing cost of ₹1,638.72 lakhs. As a percentage of total revenue, our finance costs were 5.28% for the six months ended September 30, 2018.

Depreciation and amortisation expense

Our depreciation and amortisation expense was ₹4,215.23 lakhs. These consisted of depreciation of property, plant and equipment of ₹4,009.07 lakhs and amortisation of intangible assets of ₹206.16 lakhs.

As a percentage of total revenue, our depreciation and amortisation expense was 0.94% for the six months ended September 30, 2018.

Other expenses

Our other expenses which primarily consisted of expenses on power, fuel and water of ₹31,347.63 lakhs, expenses on outward freight and handling of ₹30,788.10 lakhs, foreign exchange variation net of ₹3,637.83 lakhs, expenses due to repairs and maintenance of plant and machinery of ₹2,880.56 lakhs, and expenses on bagging and other contracting charges of ₹1,934.86 lakhs, aggregated to ₹81,231.39 lakhs. As a percentage of total revenue, our other expenses were 18.17% for the six months ended September 30, 2018.

Profit before tax

Our profit before tax for the six months ended September 30, 2018 was ₹2,406.99 lakhs. As a percentage of total revenue, our profit before tax was 0.54 % for the six months ended September 2018.

Income tax expenses

Our tax expenses for the six months ended September 30, 2018 was ₹98.82 lakh. This comprised of current tax of ₹959.13 lakhs and deferred tax credit of ₹860.31 lakhs.

As a percentage of total revenue, our tax expenses were 0.02% for the six months ended September 30, 2018.

Profit or *(loss) for the period*

As a result of the foregoing, our profit for the six months period ended September 30, 2018 was ₹2,308.17 lakhs. As a percentage of total revenue, our profit was 0.52% for the six months ended September 30, 2018.

Total comprehensive income or *(loss) for the period*

Our total comprehensive income for the six months period ended September 30, 2018 was ₹1,897.25 lakhs. As a percentage of total revenue, our total comprehensive income was 0.42% for the six months ended September 30, 2018.

Fiscal 2018 Compared to Fiscal 2017

Revenue

The tables below provide a breakdown of our total revenue for the time periods indicated:

(in ₹ lakhs, except percentage)

Particulars	Fiscal		Percentage Increase/(Decrease) to Fiscal 2018 from Fiscal 2017
	2018	2017	
Revenue from operations			
Sale of products (including excise duty)			
Finished products	4,95,668.21	4,38,117.31	13.14
Traded products	2,31,845.90	2,02,994.82	14.21
Other operating revenues			
Rendering of services	68.26	55.94	22.02
Scrap sales	388.83	381.51	1.92
Revenue from operations	**7,27,971.20**	**6,41,549.58**	**13.47**
Other Income			
Interest income on			
Bank deposits	258.31	0.31	83,225.81
Intercorporate loans	89.85	360.00	(75.04)
Overdue debtors, employee loans etc.	5,992.26	4,466.73	34.15
Income tax refund	15.76	41.44	(61.97)
Dividend Income on Non-current investments	2.16	-	-
Rent received	101.22	97.51	3.80
Service Income - staff deployment and other supports	-	483.58	(100.00)

Particulars	Fiscal		Percentage Increase/(Decrease) to Fiscal 2018 from Fiscal 2017
	2018	2017	
Excess provision/unclaimed liabilities/unclaimed balances written back	387.92	108.98	255.96
Incentive under packing scheme incentive	17.05	17.05	-
Profit on sale of current investments	-	3.80	(100.00)
Insurance Claim	380.42	1.07	35,453.27
Miscellaneous income	1,468.81	54.65	2,587.67
Other income	**8,713.76**	**5,635.12**	**54.63**
Total Revenue	**7,36,684.96**	**6,47,184.70**	**13.83**

Revenue from Operations

Our revenue from operations increased by ₹86,421.62 or 13.47% amounting to ₹7,27,971.20 lakhs in Fiscal 2018 from ₹6,41,549.58 lakhs in Fiscal 2017. This increase was primarily due to an increase in the sale of our finished products to ₹4,95,668.21 lakhs in Fiscal 2018 from ₹4,38,117.31 lakhs in Fiscal 2017, and an increase in sales of traded products to ₹2,31,845.90 lakhs in Fiscal 2018 from ₹2,02,994.82 lakhs in Fiscal 2017 due to higher sale volumes.

Other income

Our other income increased by ₹3,078.64 or 54.63%, amounting to ₹8,713.76 lakhs in Fiscal 2018 from ₹5,635.12 lakhs in Fiscal 2017. This increase was principally due to an increase in our miscellaneous income to ₹1,468.81 lakhs in Fiscal 2018 from ₹54.65 lakhs in Fiscal 2017, which increased primarily on account of receipt of market development rebates from our supplier of fertilizers, an increase in our interest income on overdue debtors, employee loans etc. to ₹5,992.26 lakhs in Fiscal 2018 from ₹4,466.73 lakhs in Fiscal 2017 as a result of interest income accrued on such overdue balances on accrual basis and an increase in our interest income on bank deposits to ₹258.31 lakhs in Fiscal 2018 from ₹0.31 lakhs in Fiscal 2017 as a result of increase in margin money deposits kept with banks to ₹1,478.00 lakhs in Fiscal 2018 from ₹265.00 lakhs in Fiscal 2017.

Total revenue

Our total revenue increased by ₹89,500.26 lakhs, or 13.83%, to ₹7,36,684.96 lakhs in Fiscal 2018 from ₹6,47,184.70 lakhs in Fiscal 2017. This was principally due to a 13.47% increase in our revenue from operations to ₹7,27,971.20 lakhs in Fiscal 2018 from ₹6,41,549.58 lakhs in Fiscal 2017.

Expenses

The tables below provide a breakdown of our total expenses for the time periods indicated:

(in ₹ lakhs, except percentage)

Particulars	Fiscal		Percentage Increase/(Decrease) to Fiscal 2018 from Fiscal 2017
	2018	2017	
Expenses			
Cost of raw material and components consumed	3,47,515.57	2,98,874.39	16.27
Purchase of traded goods	2,05,531.37	1,57,445.77	30.54
Changes in inventories of finished goods, traded goods and work in progress	(34,355.07)	1,138.42	(3,117.79)
Excise duty on sale of goods	608.17	2,997.25	(79.71)
Employee benefits expenses	16,310.49	16,051.25	1.62
Finance costs	39,921.81	38,584.63	3.47
Depreciation and amortization expenses	8,252.77	7,733.46	6.72

Particulars	Fiscal		Percentage Increase/(Decrease) to Fiscal 2018 from Fiscal 2017
	2018	2017	
Other expenses	1,37,598.39	1,22,315.38	12.49
Total Expenses	**7,21,383.50**	**6,45,140.55**	**11.82**

Cost of raw materials and components consumed

Our expenses in relation to consumption of raw materials and components increased by ₹48,641.18 lakhs, or 16.27%, to ₹3,47,515.57 lakhs in Fiscal 2018 from ₹2,98,874.39 lakhs in Fiscal 2017. As a percentage of total revenue, cost of raw materials and components consumed increased to 47.17% in Fiscal 2018 from 46.18% in Fiscal 2017. This was primarily due to an increase in the volume of production of our fertilizers and an increase in the price of raw material.

Purchases of traded goods

Our expenses in relation to purchase of traded goods increased by ₹48,085.60 lakhs, or 30.54% to ₹2,05,531.37 lakhs in Fiscal 2018 from ₹1,57,445.77 lakhs in Fiscal 2017. As a percentage of total revenue, purchases of traded goods increased to 27.90% in Fiscal 2018 from 24.33% in Fiscal 2017. This increase was due to an increase in our Company's expenses towards the purchase of MOP and DAP due to an increase in trade volumes in Fiscal 2018.

Changes in inventories of finished goods, traded goods and work in progress

Our expenses in relation to changes in inventories of finished goods, traded goods and work in progress decreased by ₹35,493.49 lakhs, or 3,117.79% to ₹(34,355.07) lakhs in Fiscal 2018 from ₹1,138.42 lakhs in Fiscal 2017. As a percentage of total revenue, changes in inventories of finished goods, traded goods and work in progress increased to 4.66% in Fiscal 2018 from 0.18% in Fiscal 2017. This decrease was primarily due to an increase in the stock levels of finished goods and traded goods, resulting from an increase in the overall inventory to ₹65,069.83 lakhs at the end of Fiscal 2018 from ₹30,714.76 lakhs at the end of Fiscal 2017.

Excise duty on sale of goods

Our expenses in relation to excise duty on sale of goods decreased by ₹2,389.08 lakhs, or 79.71% to ₹608.17 lakhs in Fiscal 2018 from ₹2,997.25 lakhs in Fiscal 2017. As a percentage of total revenue, our expenses in relation to excise duty on goods decreased to 0.08% in Fiscal 2018 from 0.46% in Fiscal 2017. This decrease in expenses was primarily on account of the implementation of GST on sale of goods from June 30, 2017, subsequent to which excise duty was no longer applicable.

Employee benefits expense

Employee benefits expense increased by ₹259.24 lakhs, or 1.62% to ₹16,310.49 lakhs in Fiscal 2018 from ₹16,051.25 lakhs in Fiscal 2017. As a percentage of total revenue, employee benefits expense decreased to 2.21% in Fiscal 2018 from 2.48% in Fiscal 2017. The overall increase in employee benefits expense was primarily due to the annual increase in salaries and wages of employees and the corresponding increase in the contribution made by our Company to provident and other funds, and staff welfare expenses.

Finance costs

Finance costs increased by ₹1,337.18 lakhs, or 3.47% to ₹39,921.81 lakhs in Fiscal 2018 from ₹38,584.63 lakhs in Fiscal 2017. As a percentage of total revenue, finance costs reduced to 5.42% in Fiscal 2018 from 5.96% in Fiscal 2017. This was mainly attributable to the increase in exchange difference considered as an adjustment to borrowing cost to ₹5,343.34 lakhs in Fiscal 2018 from ₹2,993.51 lakhs in Fiscal 2017, which was partially offset by a decrease in interest expense to ₹31,157.48 lakhs in Fiscal 2018 from ₹31,825.04 lakhs in Fiscal 2017, and a decrease in other finance charges to ₹3,301.53 lakhs in Fiscal 2018 from ₹3,719.13 lakhs in Fiscal 2017.

Depreciation and amortization expense

Depreciation and amortization expenses increased by ₹519.31 lakhs, or 6.72% to ₹8,252.77 lakhs in Fiscal 2018 from ₹7,733.46 lakhs in Fiscal 2017. As a percentage of total revenue, depreciation and amortization expenses decreased to 1.12% in Fiscal 2018 from 1.19% in Fiscal 2017. During Fiscal 2018, the depreciation and amortization expense was higher primarily on account of additions in plant, property and equipment and vehicles of ₹7,873.81 lakhs and of ₹659.57 lakhs, respectively.

Other expenses

Other expenses increased by ₹15,283.01 lakhs, or 12.49% to ₹1,37,598.39 lakhs in Fiscal 2018 from ₹1,22,315.38 lakhs in Fiscal 2017. The overall increase was principally due to:

- Increase in expense of power, fuel and water expenses by 27.00% to ₹49,038.65 lakhs in Fiscal 2018 from ₹38,612.08 lakhs due to an increase in our production volumes as well as an increase in the cost of feed and fuel stock.

- Increase in expense of outward freight and handling expenses by 21.18% to ₹58,809.28 lakhs in Fiscal 2018 from ₹48,530.57 lakhs, resulting from an increase in the volume of products being handled due to our increased production volumes; and

- Increase in expenses due to stores and spares consumed by 43.49% to ₹2,678.20 lakhs in Fiscal 2018 from ₹1,866.45 lakhs due to an increase in the consumption of chemicals and consumables.

However, as a percentage of total revenue, other expenses decreased to 18.68% in Fiscal 2018 from 18.90% in Fiscal 2017 due to lower foreign exchange variations (net) of ₹2,526.02 lakhs in Fiscal 2018 as compared to ₹7,475.65 lakhs in Fiscal 2017.

Total Expenses

Total expenses increased by ₹76,242.95 lakhs, or 11.82% to ₹7,21,383.50 lakhs in Fiscal 2018 from ₹6,45,140.55 lakhs in Fiscal 2017. As a percentage of total revenue, total expenses decreased to 97.92% in Fiscal 2018 from 99.68% in Fiscal 2017. The overall decrease was a result of the factors discussed above.

Profit or *(loss) before tax*

As a result of the foregoing factors, our profit before tax increased by ₹12,476.67 lakhs, or 177.42% to ₹19,509.01 lakhs in Fiscal 2018 from ₹7,032.34 lakhs in Fiscal 2017.

Income tax expense

Our total tax expense increased by 1,343.43 lakhs, or 83.68% to ₹2,948.89 lakhs in Fiscal 2018 from ₹1,605.46 lakhs in Fiscal 2017. The increase was primarily due to an increase in the current tax.

Profit or *(loss) for the period*

As a result of the foregoing factors, our profit for the year increased by ₹11,133.24 lakhs, or 205.15% to ₹16,560.12 lakhs in Fiscal 2018 from ₹5,426.88 lakhs in Fiscal 2017.

Total comprehensive income or *(loss) for the period*

As a result of the foregoing factors, our total comprehensive income increased by ₹8,578.29 lakhs, or 129.17% to ₹15,219.60 lakhs in Fiscal 2018 from ₹6,641.31 lakhs in Fiscal 2017.

Fiscal 2017 Compared to Fiscal 2016

Revenue

The tables below provide a breakdown of our total revenue for the time periods indicated:

(in ₹ lakhs, except percentage)

Particulars	**Fiscal**		**Percentage Increase/(Decrease) to Fiscal 2017 from Fiscal 2016**
	2017	**2016**	
Revenue from operations			
Sale of products (including excise duty)			
Finished products	4,38,117.31	4,91,161.25	(10.80)
Traded products	2,02,994.82	2,66,550.13	(23.84)
Other operating revenues			
Rendering of services	55.94	-	-
Scrap sales	381.51	452.98	(15.78)
Revenue from operations	**6,41,549.58**	**7,58,164.36**	**(15.38)**
Interest income on			
Bank deposits	0.31	1.32	(76.52)
Intercorporate loans	360.00	361.19	(0.33)
Overdue debtors, employee loans etc.	4,466.73	3,962.61	12.72
Income tax refund	41.44	5.39	668.83
Dividend Income on current investments	-	0.98	(100.00)
Rent received	97.51	57.73	68.91
Service Income - staff deployment and other supports	483.58	352.90	37.03
Excess provision/unclaimed liabilities/unclaimed balances written back	108.98	171.23	(36.35)
Incentive under packing scheme incentive	17.05	16.83	1.31
Profit on sale of current investments	3.80	1.84	106.52
Insurance Claim	1.07	1,174.36	(99.91)
Miscellaneous income	54.65	127.13	(57.01)
Other income	**5,635.12**	**6,233.51**	**(9.60)**
Total Revenue	**6,47,184.70**	**7,64,397.87**	**(15.33)**

Revenue from Operations

Our revenue from operations decreased by 15.38% to ₹6,41,549.58 lakhs in Fiscal 2017 from ₹7,58,164.36 lakhs in Fiscal 2016. Our revenue from operations for the Fiscal 2017 was particularly impacted by the reduction in Nutrient Based Subsidy ("**NBS**") rates for Fiscal 2017, in comparison with the rates for Fiscal 2016, as notified by the DOF, which resulted in a decrease in subsidy income, and also a reduction in our subsidy income on account of a decrease in the input prices of feed and fuel stock used for production of Urea. Further, due to volatile international prices, our Company's sales volume of traded products reduced by 1.72 KTPA and the value of traded products reduced by ₹63,555.31 lakhs.

Other income

Our other income reduced by 9.60%, to ₹5,635.12 lakhs in Fiscal 2017 from ₹6,233.51 lakhs in Fiscal 2016. This decrease was primarily due to insurance claim received on account of loss of profit and material damage, which formed a part of our other income in Fiscal 2016 but was not a part of our other income in Fiscal 2017.

Total revenue

Our total revenue decreased by ₹1,17,213.17 lakhs, or 15.33%, to ₹6,47,184.70 lakhs in Fiscal 2017 from ₹7,64,397.87 lakhs in Fiscal 2016. This was principally due to a 15.38% decrease in revenue from operations to ₹6,41,549.58 lakhs for Fiscal 2017, from ₹7,58,164.36 lakhs in Fiscal 2016 due to reasons stated above.

Expenses

The table below provide a breakdown of our total expenses for the time periods indicated:

(in ₹lakhs, except percentage)

Particulars	Fiscal		Percentage Increase/(Decrease) to Fiscal 2017 from Fiscal 2016
	2017	2016	
Expenses			
Cost of raw material and components consumed	2,98,874.39	3,56,980.00	(16.28)
Purchase of traded stocks	1,57,445.77	2,29,176.80	(31.30)
Changes in inventories of finished goods, traded goods and work in progress	1,138.42	7,260.69	(84.32)
Excise duty on sale of goods	2,997.25	2,945.88	1.74
Employee benefits expense	16,051.25	15,079.31	6.45
Finance Costs	38,584.63	34,087.17	13.19
Depreciation & Amortization Expense	7,733.46	6,626.59	16.70
Other Expenses	1,22,315.38	1,32,553.11	(7.72)
Total Expenses	**6,45,140.55**	**7,84,709.55**	**(17.79)**

Cost of raw material and components consumed

Our expenses in relation to consumption of raw materials and components decreased by ₹58,105.61 lakhs, or 16.28%, to ₹2,98,874.39 lakhs in Fiscal 2017 from ₹3,56,980.00 lakhs in Fiscal 2016. As a percentage of total revenue, our cost of raw material and components consumed decreased to 46.18% in Fiscal 2017 from 46.70% in Fiscal 2016. This was primarily due to lower prices of feed and fuel stock and other imported raw materials.

Purchases of traded goods

Our expenses in relation to purchase of traded goods decreased by ₹71,731.03 lakhs, or 31.30% to ₹1,57,445.77 lakhs in Fiscal 2017 from ₹2,29,176.80 lakhs in Fiscal 2016. As a percentage of total revenue, purchases of traded goods decreased to 24.33% in Fiscal 2017 from 29.98% in Fiscal 2016. This decrease in expenses with respect to the purchase of traded goods was due to a decrease in the cost of traded goods sold, including the cost of DAP and MOP.

Changes in inventories of finished goods, traded goods and work in progress

Our expenses in relation to changes in inventories of finished goods, traded goods and work in progress decreased by ₹6,122.27 lakhs, or 84.32% to ₹1,138.42 lakhs in Fiscal 2017 from ₹7,260.69 lakhs in Fiscal 2016. As a percentage of total revenue, changes in inventories of finished goods, traded goods and work in progress decreased to 0.18% in Fiscal 2017 from 0.95% in Fiscal 2016. This decrease in expenses was primarily due to the reduction in overall inventory to ₹30,714.76 lakhs at the end of Fiscal 2017 from ₹32,685.37 lakhs at the end of Fiscal 2016.

Excise duty on sale of goods

Our expenses in relation to excise duty on sale of goods increased by ₹51.37 lakhs, or 1.74% to ₹2,997.25 lakhs in Fiscal 2017 from ₹2,945.88 lakhs in Fiscal 2016. As a percentage of total revenue, excise duty on sale of goods increased to 0.46% in Fiscal 2017 from 0.39% in Fiscal 2016. This increase in expenses was primarily due to the impact of excise duty on inter-company sales which have been eliminated in consolidation of accounts.

Employee benefits expense

Employee benefits expense increased by ₹971.94 lakhs, or 6.45% to ₹16,051.25 lakhs in Fiscal 2017 from ₹15,079.31 lakhs in Fiscal 2016. As a percentage of total revenue, employee benefits expense increased to 2.48% in Fiscal 2017 to 1.97% in Fiscal 2016. The overall increase in employee benefits expense was primarily due to an increase in the salaries, wages and bonus paid to our employees.

Finance costs

Finance costs increased by ₹4,497.46 lakhs, or 13.19% to ₹38,584.63 lakhs in Fiscal 2017 from 34,087.17 lakhs in Fiscal 2016. As a percentage of total revenue, finance costs increased to 5.96% in Fiscal 2017 from 4.46% in Fiscal 2016. This mainly attributable to the increase in exchange difference considered as an adjustment to borrowing cost to ₹2,993.51 lakhs in Fiscal 2017 from ₹2,889.71 lakhs in Fiscal 2016, an increase in interest expense to ₹31,825.04 lakhs in Fiscal 2017 from 29,335.77 lakhs in Fiscal 2016, and an increase in other finance charges to ₹3,719.13 lakhs in Fiscal 2017 from ₹1,845.93 lakhs in Fiscal 2016.

Depreciation and amortization expense

Depreciation and amortization expenses increased by ₹1,106.87 lakhs, or 16.70% to ₹7,733.46 lakhs in Fiscal 2017 from ₹6,626.59 lakhs in Fiscal 2016. As a percentage of total revenue, depreciation and amortization expenses increased to 1.19% in Fiscal 2017 from 0.87% in Fiscal 2016. During Fiscal 2017, the depreciation and amortization expense was higher on account of the depreciation on new plant and machinery commissioned by the Company as well as plant and machinery resulting from acquisitions made by the Company during Fiscal 2016.

Other expenses

Other expenses decreased by ₹10,237.73 lakhs, or 7.72% to ₹1,22,315.38 lakhs in Fiscal 2017 from ₹1,32,553.11 lakhs in Fiscal 2016. The overall decrease was principally due to:

- Decrease in expenses of power, fuel and water by 9.06% to ₹38,612.08 lakhs in Fiscal 2017 from ₹42,458.08 lakhs in Fiscal 2016 primarily due to the lower input prices of feed and fuel stock as a result of pooling of gas prices, as mandated by the Government of India;

- Decrease in expenses of outward freight and handling by 2.12% to ₹48,530.57 lakhs in Fiscal 2017 from ₹49,581.77 lakhs in Fiscal 2016 primarily due to lower sales volumes;

- Decrease in foreign exchange variation (net) by 43.89% to ₹7,475.65 lakhs in Fiscal 2017 from ₹13,322.42 lakhs in Fiscal 2016 primarily due to a decrease in the trading of fertilizers; and

- Decrease in expenses of repairs and maintenance of plant and machinery by 9.79% to ₹6,324.38 lakhs in Fiscal 2017 from ₹7,010.44 lakhs in Fiscal 2016.

However, as a percentage of total revenue, other expenses increased to 18.90% in Fiscal 2017 from 17.34% in Fiscal 2016 due to an overall reduction in revenue from operations by 15.38%.

Total Expenses

Total expenses decreased by ₹1,39,569.00 lakhs, or 17.79% to ₹6,45,140.55 lakhs in Fiscal 2017 from ₹7,84,709.55 lakhs in Fiscal 2016. As a percentage of total revenue, total expenses decreased to 99.68% in Fiscal 2017 from 102.66% in Fiscal 2016. The overall decrease was a result of the factors discussed above.

Profit or *(loss) before tax*

As a result of the foregoing factors, our profit or loss before tax increased to a profit of ₹7,032.34 lakhs in Fiscal 2017 from a loss of ₹20,001.61 lakhs in Fiscal 2016.

Income tax expense

Our total tax expense increased to ₹1,605.46 lakhs in Fiscal 2017 from a credit of ₹8,353.80 lakhs in Fiscal 2016. The increase was primarily due to an increase in the deferred tax for the year.

Profit or *(loss) for the period*

As a result of the foregoing factors, our profit or loss for the year increased to a profit of ₹5,426.88 lakhs for Fiscal 2017 from a loss of ₹11,647.81 lakhs for Fiscal 2016.

Total comprehensive income or *(loss) for the period*

As a result of the foregoing factors, our total comprehensive income or loss increased to an income of ₹6,641.31 lakhs in Fiscal 2017 from a loss of ₹14,805.75 lakhs in Fiscal 2016.

Liquidity and Capital Resources

We have a long working capital cycle and we require a significant amount of working capital to finance the purchase of raw materials and equipment and the manufacturing process before payment is received from our customers. We have historically met our working capital and other capital requirements principally from cash provided by operations and financing from banks and financial institutions in the form of term loans, credit and overdraft facilities.

Cash Flows

The tables below set forth our cash flows for the periods indicated:

(in ₹ lakhs)

Particulars	**Six months ended September 30, 2018**	**Fiscal**		
		2018	**2017**	**2016**
Net cash flow from/(used) in operating activities (A)	63,099.57	28,136.39	1,10,102.55	(87,152.51)
Net cash (used) in investing activities (B)	(5,559.91)	(6.006.13)	(4,040.44)	(49,467.77)
Net cash flow from/(used) in financing activities (C)	(64,928.20)	(13,873.69)	(1,00,677.81)	1,36,254.89
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(7,388.54)	8,256.57	5,384.30	(365.39)
Cash and cash equivalents at the beginning of the period	14,821.37	6,564.80	1,180.50	659.96
Net cash of other group companies on acquisition	-	-	-	885.93
Cash and cash equivalents at the end of the period	7,432.83	14,821.37	6,564.80	1,180.50

Cash flow from operating activities

Six months ended September 30, 2018

Net cash flow from operating activities was ₹63,099.57 lakhs for the six months ended September 30, 2018. Our profit before tax was ₹2,406.99 lakhs and our share of profit of a joint venture partner was ₹2,643.42 lakhs, which was adjusted to reconcile with net cash flows by ₹27,093.76 lakhs. As a result, our operating profit before working capital adjustments was ₹26,857.33 lakhs for the six months ended September 30, 2018.

The following key adjustments were made to operating profit before working capital adjustments to arrive at the cash generated from operations:

- an increase in trade payables and other liabilities of ₹50,448.08 lakhs, resulting mainly due to higher procurement of raw material and traded goods;
- a decrease in trade receivables of ₹8,631.43 lakhs;
- an increase in inventories of ₹15,204.10 lakhs, due to increase in inventory of finished goods by ₹10,597.16

lakhs;

- an increase in other assets, financial assets of ₹7,472.03 lakhs, due to accumulation of balance with statutory authorities, such as the Goods and Service Tax authorities; and
- a decrease in loans and advances of ₹413.97 lakhs.

Cash from our operations was ₹63,106.02 lakhs, which was adjusted for direct taxes paid (net of refunds) of ₹6.45 lakhs. As a result, our net cash flow generated from operating activities was ₹63,099.57 lakhs.

Fiscal 2018

Net cash flow from operating activities was ₹28,136.39 lakhs for Fiscal 2018. Our profit before tax was ₹19,509.01 lakhs and our share of profit of a joint venture partner was ₹6,762.85 lakhs, which was adjusted to reconcile with net cash flows by ₹40,018.74 lakhs. As a result, our operating profit before working capital changes was ₹52,764.90 lakhs for Fiscal 2018.

The following key adjustments were made to operating profit before working capital adjustments to arrive at the cash generated from operations:

- an increase in trade payables and other liabilities of ₹33,777.36 lakhs, due to increase in dues to suppliers on account of higher procurement of raw material and traded goods;
- an increase in inventories of ₹34,398.41 lakhs, due to increase in inventory of traded goods by ₹19,455.91 lakhs and inventory of finished goods by ₹13,925.96 lakhs; and
- an increase in other assets and financial assets of ₹25,901.82 lakhs, mainly due to an accumulation of GST credits amounting to ₹21,942.67 lakhs, which are eligible for refund.

Cash from our operations was ₹30,203.86 lakhs, which was adjusted for direct taxes paid (net of refunds) of ₹2,067.47 lakhs. As a result, our net cash flow generated from operating activities was ₹28,136.39 lakhs.

Fiscal 2017

Net cash flow from operating activities was ₹1,10,102.55 lakhs for Fiscal 2017. Our profit before tax was ₹7,032.34 lakhs while our share of profit of an associate and joint ventures was ₹4,988.19 lakhs; which were adjusted to reconcile with net cash flows by ₹33,985.75 lakhs. As a result, our operating profit before working capital adjustments was ₹36,029.90 lakhs for Fiscal 2017.

The following key adjustments were made to operating profit before working capital adjustments to arrive at cash generated from operations:

- a decrease in trade receivables of ₹58,158.85 lakhs; and
- an increase in trade payables and other liabilities of ₹22,816.27 lakhs.

Cash generated from our operations was ₹1,13,713.49 lakhs, which was adjusted for direct taxes paid (net of refunds) of ₹3,610.94 lakhs. As a result, our net cash flow from operating activities was ₹1,10,102.55 lakhs.

Fiscal 2016

Net cash used in operating activities was ₹87,152.51 lakhs for Fiscal 2016. Our loss before tax was ₹20,001.61 lakhs while our share of profit of an associate and joint ventures was ₹488.41 lakhs, which was adjusted to reconcile with net cash flows by ₹34,220.00 lakhs. As a result, our operating profit before working capital adjustments was ₹13,729.98 lakhs for Fiscal 2016.

The following key adjustments were made to operating profit before working capital adjustments to arrive at cash used in operations:

- an increase in trade receivables of ₹50,297.70 lakhs, primarily on account of inclusion of trade receivables of subsidiary company acquired in Fiscal 2016;
- a decrease in trade payables and other liabilities of ₹45,747.11 lakhs, primarily on account of payment to creditors by converting them to buyers' credit.

Cash used in our operations was ₹85,312.09 lakhs, which was adjusted for direct taxes paid (net of refunds) of ₹1,840.42 lakhs. As a result, our net cash used in operating activities was ₹87,152.51 lakhs.

Cash flow from investing activities

Six months ended September 30, 2018

Net cash used in investing activities was ₹5,559.91 lakhs for the six months ended September 30, 2018, which was primarily attributable to purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances of ₹5,834.35 lakhs, and investment in bank deposits of ₹1,155.14 lakhs. This was partially offset by interest received of ₹1,392.95 lakhs, proceeds from sale of property, plant and equipment of ₹34.47 lakhs, and dividend received of ₹2.16 lakhs.

Fiscal 2018

Net cash used in investing activities was ₹6,006.13 lakhs for Fiscal 2018, which was primarily attributable to purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances of ₹7,214.76 lakhs and investment in bank deposits of ₹1,588.50 lakhs. This was partially adjusted by interest received of ₹2,791.51 lakhs, proceeds from sale of property, plant and equipment ₹3.46 lakhs, and dividend received of ₹2.16 lakhs.

Fiscal 2017

Net cash used in investing activities was ₹4,040.44 lakhs for Fiscal 2017, which was primarily attributable to purchase of current investments of ₹15,000.00 lakhs, the purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances of ₹14,582.35 lakhs and purchase of non-current investment of ₹6,338.72 lakhs. This was partially offset by proceeds from sale/ maturity of current investments of ₹15,003.80 lakhs, advance for purchase of investments received back of ₹11,920.00 lakhs; interest received of ₹4,778.89 lakhs, and proceeds from sale of property, plant and equipment of ₹142.40 lakhs.

Fiscal 2016

Net cash used in investing activities was ₹49,467.77 lakhs for Fiscal 2016, which was primarily attributable to purchase of investment in subsidiaries of ₹40,762.57 lakhs arising from the acquisition of Mangalore Chemicals & Fertilizers Limited, purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances of ₹15,291.01 lakhs, purchase of current investments of ₹12,000.00 lakhs, and purchase of non-current investment of ₹1,696.11 lakhs. This was partially offset by proceeds from sale/ maturity of current investments of ₹12,001.84 lakhs, interest received of ₹3,829.54 lakhs and proceeds from bank deposits of ₹4,272.74 lakhs and proceeds from sale of property, plant and equipment of ₹176.82 lakhs.

Cash flow from financing activities

Six months ended September 30, 2018

Net cash used in financing activities was ₹64,928.20 lakhs for the six months ended September 30, 2018, which was primarily attributable to repayment of short-term loans of ₹2,45,891.97 lakhs, repayment of buyer's credit of ₹99,083.28 lakhs, repayment of long term borrowings of ₹8,104.80 lakhs and interest paid of ₹18,957.65 lakhs. This was partially offset by proceeds from short-term loans of ₹2,14,701.23 lakhs and proceeds from long term borrowings of ₹31,501.85 lakhs.

Fiscal 2018

Net cash used in financing activities was ₹13,873.69 lakhs for Fiscal 2018, which was primarily attributable to the repayment of short-term loans of ₹3,06,316.00 lakhs, repayment of buyers' credit of ₹2,47,338.09 lakhs, repayment of long term borrowings of ₹34,699.01 lakhs and interest paid of ₹31,423.76 lakhs. This was partially offset by proceeds from short term loans of ₹3,09,985.00 lakhs, proceeds from buyer's credit of ₹2,19,741.41 lakhs, proceeds from other short-term borrowings (net) of ₹42,842.32 lakhs, and proceeds from long term borrowings of ₹34,239.63 lakhs.

Fiscal 2017

Net cash used in financing activities was ₹1,00,677.81 lakhs for Fiscal 2017, which was primarily attributable to repayment of buyers credit of ₹3,84,181.38 lakhs, repayment of short-term loans of ₹3,09,571.06 lakhs, interest paid of ₹32,431.14 lakhs, repayment of other short-term borrowings of ₹20,218.88 lakhs, and repayment of long-term borrowings of ₹11,629.94 lakhs. This was partially offset by the proceeds from short-term loans of ₹3,30,460.03 lakhs, proceeds from buyer's credit of ₹3,14,595.82 lakhs, and proceeds from long term borrowings of ₹12,298.74 lakhs

Fiscal 2016

Net cash flows from financing activities was ₹1,36,254.89 lakhs for Fiscal 2016, which was primarily attributable to proceeds from buyer's credit of ₹4,46,811.30 lakhs, proceeds from long term borrowings of ₹56,065.03 lakhs, proceeds from other short term borrowings (net) of ₹32.487.54 lakhs, and proceeds from short term loans of ₹27,806.28 lakhs. This was partially offset by amounts paid as repayment of buyer's credit of ₹3,62,336.20 lakhs, interest payment of ₹29,642.65 lakhs, repayment of short term borrowings of ₹18,497.52 lakhs, and repayment of long-term borrowings of ₹14,947.70 lakhs.

Borrowings

As at September 30, 2018, the aggregate amount of borrowings outstanding, on a consolidated basis is ₹4,08,680.70 lakhs. The following tables provides the categories of our outstanding borrowings:

(in ₹ lakhs)

Particulars	Amount
Non-Current borrowings:	
Secured	71,876.77
Unsecured	3,823.38
Total (A)	**75,700.15**
Current borrowings:	
Secured	2,66,664.07
Unsecured	51,388.93
Total (B)	**3,18,053.00**
Current maturities of long-term borrowings (C)	**14,927.55**
Total (A+B+C)	**4,08,680.70**

Most of our Company and its subsidiaries' financing arrangements are secured by movable and immovable assets. Many of our Company and its subsidiaries' financing agreements also include numerous conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to obtain these consents could have significant consequences on our Company and its subsidiaries' business and operations. Specifically, we require lender consents to incur additional debt, issue equity, change our capital structure, incur capital expenditure beyond certain agreed thresholds, undertake any expansion, provide additional guarantees, change our management structure, and merge with or acquire other companies, whether or not there is any failure by us to comply with the other terms of the agreements. Furthermore, under certain of these agreements, in an event of default, our Company and its subsidiaries are also required to obtain the consent of the relevant lender to pay dividends.

Contingent Liabilities and Commitments

Set forth below is a breakdown of our contingent liabilities in accordance with principles laid down under Ind AS 37 and commitments as per the Restated Ind AS Consolidated Summary Statements as of September 30, 2018:

Sr. No.	Particulars	₹ in lakhs
I	**Total Demands / Claims from Government Authorities**	**22,228.33**
(A)	Demands from Income Tax Authorities	4,883.93

(B)	Demands from Sales Tax and Other Authorities	17,344.40
II	**Other claims against the Group not acknowledged as debts**	**107.61**
III	**Financial Guarantees:**	**4,053.60**
IV.	**Commitment:**	**19,764.64**
V.	The parent company had received a demand of ₹5,293.00 lakhs from Gas Authority of India Limited (GAIL) toward take or pay obligation. Even prior to receiving this demand, the Company has represented to GAIL to reduce the annual contractual quantity based on which the Company is confident that the take or pay amount will be substantial lower. Further, in terms of contract with GAIL, this take or pay amount can be utilised for future make up gas supplies. The parent company is in discussion with GAIL to reduce / waive the take or pay charges, hence no provision has been made for the aforesaid demand amount.	

Contingent Liabilities & Capital Commitments of joint ventures*

(in ₹ lakhs)

Contingent Liabilities & Capital Commitments*	**30 September 2018**
Claims /demand raised by Government Authorities**	
a. Claims/ demand raised by Income Tax Authorities	1,344.36
b. Claims /demand raised by Sales Tax Authorities	6,950.74
Other Claims against our Company not acknowledged as debts**	4,764.19
Estimated amount of contracts remaining to be executed on capital account not provided for	2,101.38

** Being our share in the Joint Company.*

***Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by us, our Management believes that we have a good chance of success in the above mentioned cases and hence, no provision there against is considered necessary. The above has been compiled based on the information and records available with us.*

Off-balance Sheet Commitments and Arrangements

There are no off-balance sheet commitments and arrangements.

Addition to fixed assets

Historical Capital Expenditures

Historically, we have incurred capital expenditure in the normal course of our business in relation to the plant, property and equipment and we expect to continue to incur such capital expenditure in the future.

Capital expenditure represents additions to fixed assets (tangible and intangible) or property, plant and equipment and intangible assets plus changes in capital work in progress (i.e., expenses incurred in relation to capital assets but not capitalized).

The following tables set forth additions to property, plant and equipment, by category of expenditure, for each of the periods indicated below:

(in ₹ lakhs)

Particulars	**Six months ended September 30, 2018**	**Fiscal**		
		2018	**2017**	**2016**
Property, Plant and Equipment				
Freehold Land	-	-	-	64,113.96

Leasehold Land	9.09	23.92	-	399.04
Buildings	18.09	236.42	1,179.51	9,018.20
Railway Siding	-	-	-	659.98
Plant and Machinery	2,968.19	7,873.81	4,459.42	69,579.89
Furniture and fixtures	167.14	340.14	67.48	461.73
Office Equipment	163.63	160.85	87.49	452.81
Vehicles	92.88	659.57	80.37	113.95
Sub Total	**3,419.02**	**9,294.71**	**5,874.27**	**1,44,799.56**
Intangible Assets				
Software	60.20	199.35	92.23	198.70
Goodwill (as per scheme of amalgamation)	-	-	-	403.60
BT Cotton (Internally generated)	-	-	-	15.32
Bajra (Externally generated)	-	-	-	8.27
Goodwill (pursuant to the scheme of amalgamation)	-	-	-	1,533.53
Trademark	-	-	-	11,405.00
Intangible assets under development	-	(19.34)	4.32	9.46
Sub Total	**60.20**	**180.01**	**96.55**	**13,573.88**
Total (A)	**3,479.22**	**9,474.72**	**5,970.82**	**1,58,373.44**
Change in Capital Work in Progress (B)	**2,964.52**	**403.85**	**4,050.78**	**(5,563.11)**
Total (A+B)	**6,443.74**	**9,878.57**	**10,021.60**	**1,52,810.33**

Planned Capital Expenditures

We are currently undertaking an integrated modernisation and energy efficiency programme for our ammonia and urea manufacturing facilities at Goa and Mangalore. This is expected to substantially reduce our energy consumption, which is expected to improve our profitability. We are also carrying out steps to improve the efficiency of our complex fertiliser plants at Paradip for enhancement of production capacity.

We believe that implementation of energy efficiency programme and the improvement of the efficiency of our complex fertiliser plant at Paradip is integral to our achievement of economies of scale. However, this may be subject to the possibility of unanticipated future regulatory restrictions and diversion of management resources. Our future results of operations will depend materially on our ability to achieve our targeted production levels and return on investment on these capital expenditures.

Financial risk management objectives and policies

Our Company and its subsidiaries' principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of our Company and its subsidiaries. Our Company and its subsidiaries' principal financial assets include loans, trade and other receivables, and cash and cash equivalents that are derived directly from its operations. Our Company and its subsidiaries also hold investments and enter into derivative transactions. Our Company and its subsidiaries are exposed to market risk, credit risk and liquidity risk. Our Company and its subsidiaries' respective risk management committees oversee the management of these risks. The key risks are then presented to our Audit Committee for discussion, if required.

Quantitative and qualitative disclosure about market risk

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, investments and derivative financial instruments. The sensitivity analysis in the following sections relates to the position as at September 30, 2018 and March 31, 2018.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held September 30, 2018 and March 31, 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, our Company and its subsidiaries' profit before tax is affected through the impact on floating rate borrowings, as follows:

(in ₹ lakhs)

Particulars	**Increase/decrease in basis points**	**Effect on profit before tax**	
		30 September 2018	**31 March 2018**
INR Borrowings	50	(1,202.64)	(1,436.00)
USD Borrowings	50	(207.30)	(738.74)
Euro Borrowings	50	(26.14)	(28.48)
INR Borrowings	-50	1,202.64	1,436.00
USD Borrowings	-50	207.30	738.74
Euro Borrowings	-50	26.14	28.48

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our Company uses foreign exchange forward contracts to manage its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to seven months.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates of various currencies with the Indian Rupee, with all other variables held constant. The impact on our Company and its subsidiaries' profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

For the six months ended September 30, 2018

(in ₹ lakhs)

Particulars	**Change in foreign currency rate**	**Effect on profit before tax**
USD	+5%	(6,713.65)

	-5%	6,713.65
GBP	+5%	(13.39)
	-5%	13.39
Euro	+5%	(54.07)
	-5%	54.07

Commodity price risk

Our Company and its subsidiaries' operating activities require the ongoing purchase of natural gas, imported raw materials and imported fertilizers.

(i) Our Company and its subsidiaries' operating activities require the ongoing purchase of natural gas. Natural gas, being an international commodity, is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of natural gas and exchange rate fluctuations. Our Company and its subsidiaries are not affected by the price volatility of the natural gas as, under the urea pricing formula, the cost of natural gas is passed through, if the consumption of natural gas is within the permissible norms for manufacturing urea.

(ii) Our Company and its subsidiaries deal in purchase of imported fertilizers (i.e. DAP and MOP), which are imported and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value-add. However, in order to help mitigate the impact, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing is carried out.

(iii) Our Company and its subsidiaries also deal in purchase of imported raw materials (i.e. P2O5, ammonia, potash and urea), which are imported and used in the manufacturing of NPK. The import prices of these materials are governed by international prices. There is a price and material availability risk.

Equity price risk

Our Company and its subsidiaries' listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Our Company and its subsidiaries manage the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to our Company and its subsidiaries' senior management on a regular basis. Our Company and its subsidiaries' Board of Directors review and approve all equity investment decisions.

As at September 30, 2018, the exposure to unlisted equity securities at fair value was ₹1,154.16 lakhs. At the reporting date, the exposure to listed equity securities at fair value was ₹3210.64 lakhs. A decrease of 5% on the BSE market price could have an impact of approximately ₹160.53 lakhs on the OCI or equity attributable to our Company and its subsidiaries. An increase of 5% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Our Company and its subsidiaries are exposed to credit risk from their operating activities (primarily trade receivables) and from their financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a) Trade receivables

Our Company and its subsidiaries' receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables is concerned, credit risk is nil. For market receivables from the customers, Our Company and its subsidiaries extend credit to customers in normal course of business. Our Company and its subsidiaries consider factors such as credit track record in the market and past dealings for extension of credit to customers. Our Company and its subsidiaries monitor the payment track record of the customers. Outstanding customer receivables are regularly monitored. Our Company and its subsidiaries evaluate the concentration of risk with respect to trade receivables as low, as their customers are located in several jurisdictions and operate in largely independent markets. Our Company and its subsidiaries have also taken security deposits from their customers, which mitigate the credit risk to some extent.

An impairment analysis is performed at each reporting date on a case to case basis. The provision rates are based on days past due of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by our Company and its subsidiaries' treasury department in accordance with the guidelines framed by the board of directors of our Company and its subsidiaries. Guidelines broadly cover the selection criterion and overall exposure which our Company and its subsidiaries can take with a financial institution or bank. Further, the guidelines also cover the limit of overall deposit which our Company and its subsidiaries can make with a particular bank or financial institution. Our Company and its subsidiaries do not maintain a significant amount of cash and deposits, other than those required for their day to day operations.

Liquidity risk

Our Company and its subsidiaries' objective is to maintain optimum levels of liquidity to meet their cash and collateral requirements at all times. Our Company and its subsidiaries rely on a mix of borrowings and excess operating cash flows to meet their need for funds. The current committed lines of credit are sufficient to meet their short to medium or long term expansion needs. Our Company and its subsidiaries monitor rolling forecasts of their liquidity requirements to ensure they have sufficient cash to meet operational needs while maintaining sufficient headroom on their undrawn committed borrowing facilities at all times so that they do not breach borrowing limits or covenants (where applicable) on any of their borrowing facilities.

The table below summarises the maturity profile of our Company and its subsidiaries' financial liabilities based on contractual undiscounted payments:

(in ₹ lakhs)

Particulars	Less than 1 Year	1-3 Years	3-5 years	>5 years	Total
Six months ended September 30, 2018					
Borrowings	3,33,027.20	41,732.47	32,511.34	1,409.69	4,08,680.70
Other financial liabilities	19,241.83	246.82	-	-	19,488.65
Trade and other payables	2,10,654.44	-	-	-	2,10,654.44
Foreign exchange forward covers	212.86	208.11	-	-	420.97
	5,63,136.33	**42,187.40**	**32,511.34**	**1,409.69**	**6,39,244.75**

Inflation

We are exposed to fluctuations in inflation rates that have occurred in India in recent years.

Competitive Conditions

Refer to the sections titled "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on page numbers 84, 76 and 16, regarding competition.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Letter of Offer, there have been no other events or transactions to the best of our knowledge which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in this Draft Letter of Offer, particularly in the sections "*Risk Factors*" and "*Our Business*" on page numbers 16 and 84, and in this section, to our knowledge, there are no known trends or uncertainties or significant economic changes that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Except as described in the sections titled "*Risk Factors*", and "*Our Business*" on page numbers 16 and 84 and this section, to the best of our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Changes in accounting policies during last three years and their effect on the profits and reserves of our Company on the audited financial statements of the respective years

Fiscal 2018

Our Company, hitherto, recognized interest income from dealers on delayed payments, once the principal payment of a particular invoice was received from the dealer. However, during the financial year, our Company has changed its policy of accruing interest income on overdue dealer balances fully on accrual basis to the extent our Company is reasonably certain of their ultimate collection. This change of policy has resulted into profit before tax for the year being higher by ₹2,300.09 lakhs.

Fiscal 2017

The consolidated Ind AS financial statements have complied with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended, for the first time for the year ending March 31, 2017. Hence, the change in accounting policy, wherever required, has been made to comply with applicable the accounting standards of the Companies Act.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities, which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans – plan assets measured at fair value; and
- Investment in other debt instruments (i.e. bonds).

Fiscal 2016

A. Component Accounting

Our Company and its subsidiaries have adopted component accounting as required under Schedule II to the Companies Act, 2013 from April 1, 2015. Our Company and its subsidiaries were previously not identifying components of fixed assets separately for depreciation purposes; instead, a single useful life or depreciation rate was used to depreciate each item of fixed assets.

Due to the application of Schedule II to the Companies Act, 2013, and AS 10, our Company and its subsidiaries have changed the manner of depreciation for their fixed assets. Now, our Company and its subsidiaries identify and determine the cost of each component or part of the asset separately, if the component or part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful life; the remaining components are depreciated over the life of the principal asset. Our Company and its subsidiaries have used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., April 1, 2015, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on

April 1, 2015, is depreciated over their remaining useful lives.

Our Company and its subsidiaries had also changed their policy on recognition of cost of major inspection or overhaul. Earlier, our Company and its subsidiaries used to charge such cost of major inspection or overhaul directly to statement of profit and loss, as incurred. On application of component accounting, the major inspection or approval cost is identified as a separate component of the asset at the time of purchase of new asset and subsequently the cost of such major inspection or overhaul is depreciated separately over the period till next major inspection or overhaul. Upon next major inspection or overhaul, the cost of new major inspection or overhaul is added to the assets cost and any amount remaining from the previous inspection or overhaul is derecognised.

If our Company and its subsidiaries had continued to use the earlier policy of depreciating fixed assets, its financial statements for the year would have been impacted as below:

i) Depreciation for Fiscal 2016 would have been lower by ₹921.98 lakhs;
ii) Repair and maintenance expense for Fiscal 2016 would have been higher by ₹195.66 lakhs;
iii) Loss before tax Fiscal 2016 would have been lower by ₹726.32 lakhs; and
iv) Net fixed assets would correspondingly have been higher by ₹726.32 lakhs.

On the date of component accounting becoming applicable, i.e. April 1, 2015, there was no component having zero remaining useful life. Hence, no amount has been directly adjusted against reserves.

B. Post-Retirement Medical Benefit Scheme

Till March 31, 2015, our Company was accounting for liability in respect of its scheme towards post-retirement medical benefits to its employee on payment basis. Our Company has, during the year, changed the basis of such liability from payment basis to accrual basis. Our Company has during the year, provided for such liability of ₹132.89 lakhs on the basis of year end actuarial valuation. The above change has resulted into loss before tax of our Company and its subsidiaries being higher by ₹132.89 lakhs.

Significant Developments after September 30, 2018

Except as disclosed below and/or otherwise disclosed elsewhere in this Draft Letter of Offer, there have been no significant developments after September 30, 2018, which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months:

i) Our Board of Directors its meeting held on February 8, 2019, approved the unaudited consolidated IND AS financial results for the quarter ended December 31,2018 and year to date from April 1, 2018 to December 31,2018. For details, see "*Financial Information – Limited Review Financial Results*" on page 259.

ii) Our Company, Zuari Global Limited and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("**Subscriber**") (together the "**Parties**") entered into an agreement dated December 21, 2018 for subscription of foreign currency convertible bonds ("**FCCBs**") in five series, for a principal amount of € 4,400,000 for each series aggregating to € 22,000,000 at an issue price of 100% of the principal amount with specified interest rates and redemption terms, by the Subscriber to finance the planned expansion and modernisation of our Company's fertiliser unit in Goa, India ("**FCCB Subscription Agreement**").

As per the terms of the FCCB Subscription Agreement, the obligation of the Subscriber to subscribe to the FCCBs is subject to the fulfilment of various conditions, including authorisation of the Shareholders of our Company, compliance of the financial covenants under the FCCB Subscription Agreement by our Company, no objection by SEBI for a rights issue of upto a certain amount, etc. The FCCBs proposed to be issued shall be unsecured and freely transferable in nature. Further, the Subscriber has certain rights under the FCCB Subscription Agreement, including (a) transfer (subject to any restrictions laid down in exchange control regulations in India) any or all of the FCCBs held by them, (b) right to convert part of or all of the FCCBs held by the Subscriber, at any time post completion of three years and six months from the date of the issue upto the final redemption of the FCCBs, at the conversion price determined under the FCCB Subscription Agreement, (c) tag along rights, (d) information rights etc.

The Parties have also entered into a Put and Call Option Deed dated December 21, 2018 ("**Deed**"). Pursuant to the Deed:

(i) the Issuer shall grant a put option to the Subscriber in relation to the FCCBs, requiring the Issuer to redeem the FCCBs on occurrence of certain events, including change in control of the Issuer, delisting of the Issuer etc., as specified in the Deed;

(ii) Zuari Global Limited shall grant the Subscriber an option, during the conversion period, to convert all outstanding FCCBs, held by the Subscriber, into equity shares and to require Zuari Global Limited to acquire such shares from the Subscriber at a fair market value, on occurrence of certain events, as specified in the Deed; and

(iii) Zuari Global Limited shall have the option to require the Issuer to convert all the FCCBs into Equity Shares and shall require the Subscriber to sell such converted Equity Shares to Zuari Global Limited at fair market value, on occurrence of certain events specified in the Deed.

As on date, no FCCBs have been issued by the Company.

The above developments may have a significant impact on our results of operations and profits.

MARKET PRICE INFORMATION

The Equity Shares have been listed and are available for trading on the BSE, and the NSE.

(i) The following tables set forth the reported high, low and average market prices of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded for the preceding three years :

BSE

Fiscal	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares)	Average market price of the Equity Shares for the year (₹)
2016	258.00	April 7, 2015	7,727	120.70	February 25, 2016	1,148	172.39
2017	368.65	March 1, 2017	95,624	152.20	April 1, 2016	7,750	223.70
2018	646.85	October 30, 2017	1,02,314	342.75	August 11, 2017	2,588	465.26

(Source: www.bseindia.com)

NSE

Fiscal	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares)	Average market price of the Equity Shares for the year (₹)
2016	257.90	April 7, 2015	26,912	118.45	February 25, 2016	15,986	172.06
2017	369.95	March 1, 2017	4,02,270	154.50	April 1, 2016	21,476	233.60
2018	646.70	October 30, 2017	8,47,362	341.40	August 11, 2017	32,052	465.08

(Source: www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(ii) The following tables set forth the reported monthly high and low market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

The total number of days of trading during the past six months from August 1, 2018 to January 31, 2019,was 123.

The average volume of Equity Shares traded on the BSE was 7,394 Equity Shares per day.

Month	High (₹)	Date of High	Volume on date of High (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares)	Total Volume of Equity shares traded	Average price of Equity Shares for the month (₹)
August 2018	341.90	August 3, 2018	6,872	310.00	August 16, 2018	35,549	1,92,143	321.00
September 2018	315.40	September 3, 2018	15,808	234.95	September 28, 2018	8,275	1,00,869	286.77
October 2018	255.00	October 15, 2018	10,406	213.50	October 25, 2018	4,877	2,75,030	236.77
November 2018	245.35	November 1, 2018	16,805	227.35	November 21, 2018	2,250	95,871	234.48
December 2018	243.90	December 20, 2018	14,000	215.25	December 10, 2018	2,495	1,35,445	232.46
January 2019	248.00	January 1, 2019	11,848	211.45	January 29, 2019	1,146	1,10,051	231.04

(Source: www.bseindia.com)

NSE

The total number of days of trading during the past six months from August 1, 2018 to January 31, 2019,was 123.

The average volume of Equity Shares traded on the NSE was 33,896 Equity Shares per day.

Month Year	High(₹)	Date of High	Volume on date of High (Number of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares)	Total Volume of Equity shares traded	Average price of Equity Shares for the month (₹)
August 2018	340.75	August 3, 2018	38,789	309.60	August 14, 2018	38,703	13,03,545	320.54
September 2018	316.55	September 3, 2018	39,899	236.10	September 28, 2018	18,695	5,10,838	286.46
October 2018	252.20	October 15, 2018	43,327	213.85	October 25, 2018	22,705	8,15,537	236.35
November 2018	244.30	November 1, 2018	91,008	226.90	November 21, 2018	9,475	5,19,395	233.78
December 2018	244.45	December 20, 2018	1,15,752	215.90	December 10, 2018	7,947	5,39,701	232.12
January 2019	248.15	January 1, 2019	1,10,722	210.75	January 29, 2019	7,704	4,80,140	231.15

(Source:www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case two days with the same high or low price, the date with the higher volume has been considered.*

(iii) The following table set forth the details of the number of Equity Shares traded during the last six months and the Fiscals 2018, 2017 and 2016 on the BSE and the NSE :

Period	**Number of Equity Shares traded**	
	BSE	**NSE**
January 2019	1,10,051	4,80,140
December 2018	1,35,445	5,39,701
November 2018	95,871	5,19,395
October 2018	2,75,030	8,15,537
September 2018	1,00,869	5,10,838
August 2018	1,92,143	13,03,545
Fiscal 2018	73,07,587	3,80,03,719
Fiscal 2017	68,13,942	2,64,62,514
Fiscal 2016	18,72,221	45,87,711

(*Source: www.bseindia.com and www.nseindia.com*)

(iv) The Board of our Company has approved the Issue at their meeting held on June 25, 2018. The following table sets forth the market prices of our Equity Shares on the BSE and the NSE i.e. June 26, 2018, the first working day immediately following the date of the Board meeting:

BSE						**NSE**					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (in ₹ lakhs)**	**Open**	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (₹ lakhs)**
360.00	361.00	350.15	353.15	7,512	26.64	355.00	363.45	350.05	353.00	36,963	130.94

(Source: www.bseindia.com and www.nseindia.com)

FINANCIAL INDEBTEDNESS

In accordance with the Articles of Association and subject to the provisions of the Companies Act, 2013 and applicable law, our Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Company and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit. For further details regarding the borrowing powers of our Board, see the section titled "*Our Management - Borrowing Powers of the Board*" on page 121. Our Company, Subsidiaries and Joint Ventures have availed borrowings in their respective ordinary course of business.

As on December 31, 2018, we have outstanding borrowings of ₹4,41,143.07 lakhs. Set forth below is a brief summary of our aggregate outstanding borrowings as on December 31, 2018:

(in ₹lakhs)

Category of borrowings	Sanctioned amount	Outstanding amount*
Company		
Secured		
RBL Bank Limited	36,000.00	23,398.00
Cooperatieve Rabobank U.A.	13,000.00	12,945.04
HDFC Limited	18,500.00	18,463.71
Aditya Birla Finance Limited	15,000.00	14,859.58
HDFC Bank Limited	31,000.00	23,682.59
Corporation Bank	44,300.00	23,056.06
State Bank of India	25,000.00	24,853.00
Canara Bank Limited	62,500.00	35,490.00
IDBI Bank Limited	14,000.00	13,475.00
Bank of Baroda Limited	42,500.00	38,704.21
ICICI Bank Limited	21,000.00	13,569.01
Axis Bank Limited	16,500.00	12,190.02
Yes Bank Limited	10,000.00	5,268.41
Sub-total (secured)	**349,300.00**	**259,954.60**
Unsecured		
Yes Bank Limited	10,000.00	10,000.00
HDFC Bank Limited	10,000.00	10,000.00
Federal Bank Limited	2,500.00	2,500.00
Induslnd Bank Limited	12,500.00	12,500.00
Inter Corporate Deposits	16,100.00	16,100.00
Sub-total (unsecured)	**51,100.00**	**51,100.00**
Total (A)	**400,400.00**	**311,054.60**
MCFL		
Secured		
RBL Bank Limited	25,000.00	8,282.28
Corporation Bank	22,500.00	7,588.41
State Bank of India	26,500.00	15,162.36
ICICI Bank Limited	15,000.00	11,436.21
Axis Bank Limited	68,700.00	44,337.94
Kotak Mahindra Bank Limited	12,500.00	6,100.35
IDFC Bank Limited	25,000.00	17,171.42
IndusInd Bank Limited	20,000.00	12,092.75
Cooperatieve Rabo U.A	12,000.00	2,926.61
HDFC Bank Limited	114.80	137.09
Sub-total (secured)	**2,27,314.80**	**1,25,235.42**
Unsecured		
ING Vysya Bank	9,669.94	4,468.32
Axis Bank Limited	1,000.00	156.93
ICICI Bank Limited	1,000.00	167.94
Sub-total(unsecured)	**11,669.94**	**4,793.19**
Total (B)	**2,38,984.74**	**1,30,028.61**
Adventz DMCC		

Secured		
National Bank of Fujairah**	79.80	59.85
Total (C)	**79.80**	**59.85**
Total (A)+(B)+(C)	**6,39,464.55**	**4,41,143.07**

* *Outstanding amount of borrowing does not include the interest component*

** *Outstanding amount of AED 3,15,000 converted into ₹59.85 lakhs based on the rate of ₹19 per 1 AED (as on December 31, 2018)*

For details of the outstanding loans of our Company for the last three Fiscals and the six-month period ended September 30, 2018, please see "*Financial Information*" on page 154.

Principal terms of the borrowing currently availed by our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the borrowing arrangement entered into by us.

1. ***Interest:*** In terms of the borrowings availed by us, the interest rate is typically the base rate or MCLR of the relevant lender plus a specified spread payable on an annual or monthly basis. Accordingly, the interest rate for our borrowings ranges from 3.00 % per annum to 14.15 % per annum. Our Company has also availed certain inter-corporate deposits. The interest rates for the inter-corporate deposits availed by our Company ranges from 9.25 % per annum to 13.50 % per annum.

2. ***Tenor:*** The tenor of the borrowings availed by us ranges from one month to seven years before being considered for renewal.

3. ***Re-payment:*** Our borrowings are repayable on monthly or quarterly basis, after the end of the specified moratorium period or as may be agreed between us and the respective lenders. Further, the working capital facilities are typically repayable on demand.

4. ***Pre-payment:*** Our borrowings typically have rescheduling and pre-payment provisions which allow for pre-payment of the outstanding amount at any given point in time, subject to the conditions specified in the borrowing arrangements.

5. ***Penalty:*** The borrowings availed by us contain provisions prescribing penalties for pre-payment as well as delayed payment or default in the repayment obligations, including delay in creation of the stipulated security and/or submission of documents such as annual reports, financial statements, insurance policies and stock statements.

6. ***Security:*** In terms of the borrowings here security needs to be created, we are typically required to:

   a. create charge on certain movable assets and immovable of our Company and our Subsidiaries (both present and future), including current assets, book debts, future stocks and receivables; and
   b. issue demand promissory notes and letters of continuity.

   In most cases, the security created in favour of a lender is on a *pari passu* basis with other lenders. Further, the details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

7. ***Restrictive Covenants:*** The financing arrangement entered into by us entail various restrictive conditions and covenants restricting certain corporate actions, and we are required to take the prior approval of the lender before carrying out such activities. For instance, certain corporate actions for which we require the prior written consent of the lender include:

   a. to amend or modify the constitutional documents;
   b. to change the constitution/composition;
   c. to undertake any merger, de-merger, consolidation, reorganisation, dissolution, scheme of arrangement or compromise with our creditors or shareholders;
   d. to declare or pay any dividend for any year;
   e. to effect any change to our capital structure; and
   f. to buy back, cancel, retire, redeem, re-purchase, purchase or acquire any of our share capital or delist equity shares.

Further, in relation to the borrowings availed by our Company, the lender has the right to appoint a nominee director on our Board and has a right to convert the loan into Equity Shares of our Company, in case of an event of default.

8. ***Events of Default:*** The term loan and other facilities availed by us contain certain standard events of default, including:

    a. any cross default with regard to other indebtedness of the Company;
    b. failure to make payment of any principal, interest, commission fee, costs or other amounts on due dates;
    c. failure to observe or comply with any of the terms and conditions of the transaction documents;
    d. any event that would likely constitute a material adverse change, as set out in the transaction documents;
    e. failure to get the facility rated by credit rating agencies;
    f. in case if we cease or threaten to cease to carry on all or a substantial part of our businesses;
    g. in case any step is taken against us for dissolution, winding up, liquidation, insolvency; and
    h. in case the security is inadequate or ceases to have effect.

Further, in relation to the borrowings availed by our Company, any change in ownership, management and/or control of our Company without the prior written consent of the lender is deemed to be an event of default. This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Company and Subsidiaries.

With respect to the financial and other covenants required to be complied with, by our Company and our Subsidiaries, in relation to our borrowings, see "*Risk Factors – Conditions and restrictions imposed by our financing arrangements may restrict our ability to conduct our business and operations*" on page 26.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as disclosed below and in accordance with the materiality policy set out hereunder, there are no (i) outstanding criminal proceedings involving our Company, our Subsidiaries, our Promoters and our Directors, (ii) outstanding actions taken by regulatory or statutory authorities involving our Company, our Subsidiaries, our Promoters and the Directors, (iii) outstanding claims relating to direct and indirect taxes involving our Company, our Subsidiaries, our Promoters and the Directors, (iv) other pending litigations involving our Company, our Subsidiaries, our Promoters and the Directors, which are identified as material in terms of the materiality policy adopted by our Board of Directors, as adopted pursuant to a board resolution dated January 7, 2019. Further, except as disclosed in the section, there are no disciplinary actions including penalties imposed by SEBI or a recognized stock exchange against our Promoters, in the last five Fiscals immediately preceding the date of this Draft Letter of Offer, including any outstanding action.

For the purpose of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation pursuant to Board resolution dated January 7, 2019 to be disclosed by our Company in the Draft Letter of Offer:

*The profit as restated of our Company as per the Restated Consolidated Financial Information of our Company for Fiscal 2018, was ₹16,560.12 lakhs. Pursuant to the 'Materiality policy for identification of group companies, litigation and material creditors' ("**Materiality Policy**") as adopted by our Company, the materiality threshold for disclosure of any event/information (including the litigations) shall be (a) the aggregate amount of liability by or against the Company, its directors, promoters and subsidiaries in any such pending litigation is in excess of 1% of the profit after tax as per the Restated Ind AS Consolidated Summary Statements of the Company for Fiscal 2018; or (b) in the opinion of the board, any such litigation whether or not a monetary liability is quantifiable, an adverse outcome of which would materially and adversely affect the Company's business, prospects, operations, performance, financial position or reputation, irrespective of the amount involved in such litigation. Except as disclosed under "- Litigations involving our Company - Other proceedings" and "- Litigations involving our Group Companies", there are no legal proceedings which are material in accordance with our Materiality Policy.*

Further, in relation to Group Companies, the Board has considered only such outstanding litigations involving Group Companies which have a material impact on the Company. Except as stated in this section, there are no outstanding litigation involving our Group Companies which have a material impact on our Company.

Further, our Board has considered pursuant to board resolution dated January 7, 2019, outstanding dues to any creditor of the Company having monetary value which exceeds 5% of the total consolidated trade payables of the Company as per the latest Restated Ind AS Consolidated Summary Statements of the Company disclosed in the Offer Documents, shall be considered as material. For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with the Company regarding status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder, as has been relied upon by its statutory auditors.

I. Litigation involving our Company

Litigation by our Company

A. Civil Proceedings

1. MCA Phosphates Pte. Limited ("**MCAP**") is a joint venture between our Company and Mitsubishi Corporation ("**Mitsubishi**") to hold equity stake in Fosfatos del Pacifico S.A., a phosphate mining asset in Peru ("**FdP**"). Our Company ("**Applicant**") filed an application dated June 4, 2018 before the High Court of Singapore ("**High Court**") seeking a stay against the alleged breach, by Mitsubishi and MCAP ("**Respondents**"), of the Shareholder's agreement entered into between our Company, MCAP and Mitsubishi ("**SHA**"). The SHA, *inter alia,* requires a written consent of the Applicant to be sought for the approval of certain corporate actions mentioned in the SHA ("**Super-Majority Decisions**"). In the application before the High Court, it is alleged that on March 24, 2016, the Respondents commissioned a value-in-use analysis report for the value of MCAP's investment in FdP and consequently, recorded an impairment of $33,328,495 and $29,863,200 in the financial statements of MCAP for FY 2015-16 and FY 2016-17, respectively without the approval of the Applicant.

Further the Applicant alleged that, in February 2018, MCAP approved a resolution for a further issue of 12,750,000,000 equity shares of MCAP at a value of $ 0.0001 each ("**Offered Shares**"). The Offered Shares in entirety were subscribed to by Mitsubishi. Consequently, the shareholding of the Applicant in MCAP was wrongfully diluted from 30% to 0.17%. Further it is alleged that in the annual general meeting of MCAP held on June 4, 2018, the nominee director of the Applicant was wrongfully removed as a director of MCAP. The High Court vide its order dated June 7, 2018, ordered the Respondents to refrain from deciding on any Super-Majority Decisions and to preserve the original shareholding and investment of the Applicants in MCAP pending the inter parties hearing of HC/OS 685/2018 and HC/SUM 2537/2018. The Applicant also initiated a request for arbitration against the Respondents dated June 14, 2018 before the International Chamber of Commerce against the alleged breach of the SHA by the Respondents. The matter is currently pending.

2. Our Company received a show cause notice dated September 20, 2018 ("**SCN**"), issued by the Office of the Assistant Commissioner of Central Goods & Service Tax, Division IV, Margao, Goa ("**Authority**"), in relation to a claim of refund by our Company of unutilised input tax credit, including input services, accumulated on account of inverted duty structure from July 2017 up to March 2018. The Authority, vide the SCN, demanded an amount of ₹2,767.33 lakhs along with interest on account of the same having been allegedly erroneously refunded to our Company. Our Company responded to the SCN stating that the it raises certain issues involving the interpretation of complex provisions of law and accordingly, our Company filed a writ petition, dated October 30, 2018("**Writ Petition**"), before the High Court of Bombay at Goa ("**Court**"), seeking a writ of certiorari and challenging the validity and legality of Rule 89(5) of the CGST Act, 2017, as being *ultra vires* Section 54(3) of the CGST Act, 2017 and Article 14 and 19(1)(g) of the Constitution of India. Our Company vide the Writ Petition has sought an order or direction by the Court to quash or set aside the SCN. The matter is currently pending. Subsequently, our Company also received an order from the Authority, dated January 10, 2019, confirming the demand of ₹2,767.33 lakhs along with interest.

3. Our Company (in its then name Zuari Holdings Limited) and one of our promoters Zuari Global Limited (together the "**Plaintiff**") filed a plaint dated August 17, 2012 before the court of civil judge, Vasco Da Gama ("**Vasco Court**") seeking compensation of ₹6,641.62 lakhs against National Highway Authority of India, Mormugao Port Road Company Private Limited, KMC Constructions Limited ("**KMC**"), Aarvee Associates Architects Engineers & Consultants Private Limited (together the "**Defendants 1-4**"), Zuari Indian Oil Tanking Limited ("**Zuari IOTL**") and IOT Infrastructure & Energy Services Limited ("**Defendants 5&6**") (together the "**Defendants**") for the alleged negligence by Defendant 1-4 resulting in damage to the pipeline transporting products sold by Indian Oil Corporation Limited to the Plaintiff. ("**Suit**"). The plaintiff further alleged that, in August 2011, the Defendants 1-4 were carrying out excavation near Ram Mandir during which the pipeline owned by Zuari IOTL was punctured by the employees of KMC and the said damaged pipeline was covered up by Defendants 1-4 and not disclosed to Defendants 5&6 as well as the Plaintiff. Thereafter, it was alleged that approximately 18,000 MT of Naphtha, which was then being transferred through the said pipeline leaked and, on August 19 and 20, 2011, a massive fire broke in the adjacent areas causing damage to life and property in the vicinity. The Defendants filed their respective responses between December 7, 2012 and January 4, 2013 to the suit denying the allegations made by the Plaintiff and praying for the Suit to be dismissed. The matter is currently pending.

4. Zuari Fertilisers and Chemicals Limited (the erstwhile subsidiary, now amalgamated with our Company) filed a petition dated December 15, 2016 before the National Company Law Tribunal ("**NCLT**") against Mangalore Chemicals & Fertilizers Limited ("**MCFL**"), Dr. Vijay Mallya ("**VM**"), United Breweries (Holdings) Limited ("**UBL**"), Kingfisher Finvest India Limited ("**KFIL**"), McDowell Holdings Limited ("**MHL**") (together the "**UB Group**") and three others (together the "**Respondents**") under Sections 241, 242, 244, 246, 339, 340 and 341 of the Companies Act, 2013 alleging, *inter alia*, diversion of funds, fabrication of records and depletion of the resources of MCFL for undue enrichment and benefit to the UB Group. The amount involved is ₹2,167.00 lakhs. The matter is currently pending.

5. Our Company filed an application dated November 10, 2018 ("**IBC Application**") before National Company Law Tribunal, Bengaluru to initiate the corporate insolvency resolution process under Section 7 of the Insolvency and Bankruptcy Code, 2016 against McDowell Holdings Limited ("**Corporate Debtor**"). As per the IBC Application, it was alleged that the Corporate Debtor vide letter dated December 20, 2016 acknowledged its liability of ₹2,000.00 lakhs under the ICD facility granted to it by our Company ("**Financial Debt**") and assigned its right to recover a sum of ₹1,150.41 lakhs from MCFL as a partial settlement of the Financial Debt ("**Partial Settlement**"). The Partial Settlement was accepted by our Company and the IBC

Application has been filed by our Company for recovering the residual of the Financial Debt, amounting to ₹1,787.76 lakhs ("**Residual Debt**"), from the Corporate Debtor. The matter is currently pending.

Subsequently, our Company filed a civil suit along with an interim application both dated December 17, 2018, before the City Civil Judge at Bangalore ("**Lower Court**") seeking an ex-parte perpetual injunction against the Corporate Debtor from alienating, disposing of and/or creating any charge on the equity shares held by the Corporate Debtor in MCFL("**Actions**") until the recovery of the Residual Debt. The Lower Court vide an order dated December 20, 2018, granted an *ex-parte* temporary injunction prohibiting the Corporate Debtor from undertaking any of the Actions ("**Lower Court Order**"). The Corporate Debtor filed an appeal, dated January 23, 2019, before the High Court of Karnataka, at Bangalore ("**High Court**") seeking a stay on the Lower Court Order. The High Court vide its order dated January 28, 2019, granted a stay against the Lower Court Order ("**High Court Order**"). Our Company filed a special leave petition, dated February 13, 2019, before the Supreme Court of India seeking a special leave to appeal against the High Court Order which was alleged to have been arbitrary and erroneous on the basis of facts and law. The matter is currently pending.

Litigation against our Company

A. Criminal Proceedings

1. Our Company allegedly engaged Solutions ("**Complainant**") to negotiate a settlement in a civil suit filed by our Company against Hindustan Dorr Oliver and Grande Paroise for recovery of ₹15,490 lakhs ("**Agreement**"). Subsequently, the Complainant filed a criminal complaint dated March 25, 2014 against our Company ("**Accused**"), before the Metropolitan Magistrate, South East, Saket ("**Magistrate**") alleging refusal to pay the service charges by the Accused, thus causing wrongful loss and injury to the Complainant("**Complaint**"). The Magistrate vide its order dated August 1, 2014 dismissed the Complaint on the grounds that the Complaint was of a civil nature ("**Impugned Order**"). Thereafter, the Complainant filed a criminal revision petition dated August 19, 2014 before the District and Session Judge, Saket, New Delhi challenging the correctness and legality of the Impugned Order. The matter is currently pending.

B. Civil Proceedings

1. Kingfisher Finvest India Limited ("**KFIL**") and McDowell Holdings Limited ("**MHL**") ("**Petitioners**") filed a request for arbitration dated March 3, 2016 against our Company and, its erstwhile subsidiary, Zuari Fertilisers and Chemicals Limited ("**ZFCL**") (together the "**Respondents**") alleging that ZFCL had violated the shareholder's agreement dated May 12, 2014, entered into between ZFCL, our Company, United Breweries(Holdings) Limited, KFIL and MHL ("**SHA**") and sought an specific performance of the terms of the SHA by ZFCL. The sole arbitrator vide order dated May 8, 2017 ordered in favour of the Respondents. ("**Arbitration Order**") Thereafter, the Petitioners filed a commercial arbitration petition against the Respondents under Section 34 of the Arbitration and Conciliation Act, 1996 dated August 6, 2017 before the High Court of Bombay challenging the said Arbitration Order. The matter is currently pending.

II. Litigation involving our Subsidiaries

Except as disclosed below or in the section "*Litigation involving our Company",* there are no outstanding legal proceedings involving our Subsidiaries.

Litigation by MCFL

A. Civil Proceedings

1. MCFL ("**Petitioner**") filed a writ petition before the High Court of Karnataka ("**High Court**") against the Government of Karnataka and others ("**Respondents**") challenging the notification dated December 30, 2017 through which the Government of Karnataka increased the minimum wages applicable to the chemical industry. It was submitted by the Petitioner that the Karnataka State Minimum Wage Advisory Board ("**Advisory Board**") did not tender any advice to the Government of Karnataka on the minimum wages to be revised for 37 industries, but only recorded the statements of its members without any recommendation or scientific application of mind. The Government of Karnataka then notified what had been proposed in the draft notification without considering the proceedings of the Advisory Board. It was contended that the Respondents did not divulge the components on the basis of which the minimum wages were revised to the extent of 69.78% - 108.38%. The amount involved in this matter is ₹410.00 lakhs. The Petitioner prayed for

quashing of the notification dated December 30, 2017 by declaring the same as unconstitutional and contrary to the provisions of the Minimum Wages Act, 1948. The High Court by an order dated June 13, 2018 granted a stay. The matter is currently pending.

2. MCFL ("**Petitioner**") filed a writ petition ("**Writ Petition**") before the High Court of Karnataka ("**High Court**") against Union of India and others ("**Respondents**") against the forfeiture of its fertilisers by the Respondents under the Legal Metrology Act, 2009. The packaged fertilisers manufactured by the Petitioner were marked with an MRP which was not rolled back to the preceding rupee or the nearest fifty paisa as provided under Rule 2(m) of the Legal Metrology (Packaged Commodities) Rules, 2011. The Respondents seized the fertilisers and lodged a private complaint against the Petitioner. Since the fertilisers that were seized had to be immediately released, the officers of the Petitioner pleaded guilty, and the Metropolitan Magistrate Traffic Court – I, Bangalore ("**MM Court**"), imposed a maximum fine of ₹50,000 on each of the accused officers, which they paid. The Petitioner, being the owner of the seized fertilisers, filed an application for release of the commodities. The MM Court rejected the same, holding that the seized fertilisers were liable to be forfeited to the government. The Petitioner then filed the Writ Petition before the High Court. It was contended that the total implication in terms of not rounding off the MRP was only ₹5,367 whereas the value of the material seized was ₹206.00 lakhs. The forfeiture of the seized material without providing an opportunity to the Petitioner to remedy or rectify the defect even after payment of the penalty was, therefore, excessive and unreasonable. The Petitioner prayed for issue of a writ declaring the said forfeiture to be excessive and unreasonable, and for quashing the order of the MM Court. By an order dated January 04, 2013, the High Court ordered release of the seized fertilisers against issue of a bank guarantee for ₹260.00 lakhs, given that the issue required consideration. The matter is currently pending.

III. Litigation involving our Directors

Litigation by our Directors

Civil Proceedings by Saroj Kumar Poddar

1. Saroj Kumar Poddar has filed a complaint under Section 138 and 141 of the Negotiable Instruments Act, 1882, against Birla Power Solution Limited and other ("**Accused**"), before the Court of 11th Metropolitan Magistrate at Calcutta ("**Court**") in respect of dishonour of cheques of an aggregate amount of ₹200.00 lakhs. The matter is pending before the Court.

IV. Litigation involving our Promoters

Litigation against our Promoters

*Civil Proceedings against Texmaco Infrastructure & Holdings Limited ("**Texmaco**")*

1. A civil suit has been filed by Nitin Gupta ("**Plaintiff**"), against Texmaco claiming the refund for an amount of ₹236.00 lakhs (including interest) allegedly paid in cash by the Plaintiff to Texmaco (such amount, the "**Disputed Amount**" and such action, the "**Suit**"). Texmaco entered into an agreement dated May 21, 2013 with the Plaintiff and others (together the "**Buyers**") to sell a parcel of land, admeasuring 270 sq. meters, to the Plaintiff for a total consideration of ₹1,150.00 lakhs ("**Consideration**"). Out of the Consideration, only ₹175.00 lakhs ("**Partial Payment**") was paid to Texmaco by the Buyers. Therefore, due to non-payment of the residual Consideration by the Buyers, the Partial Payment was returned by Texmaco to the Buyers pursuant to a full and final settlement on June 29, 2016. The Plaintiff filed the Suit to claim a refund of the Disputed Amount allegedly paid by the Plaintiff to Texmaco, in cash, as a part of the Consideration. Subsequently, Texmaco, filed a counter-claim against the Plaintiff claiming an amount of ₹219.55 lakhs as compensation for the loss caused to Texmaco.

   The Plaintiff also filed a first information report against Texmaco ("**FIR**") on similar grounds, however, a cancellation report on the FIR has been filed on the grounds of the witness having turned hostile before the investigating officer. The matter is currently pending.

V. Other Material Litigation

Litigation involving Zuari Maroc Phosphates Private Limited

1. ZMPPL ("**Petitioner**") initiated arbitration proceedings, against Union of India ("**UOI**") claiming a sum of ₹14,132.31 lakhs (along with interest) as post-closing adjustment allegedly payable by UOI to ZMPPL ("**Claim**") under the terms of the share purchase agreement entered into amongst the President of India, Paradeep Phosphates Limited, Zuari Maroc Phosphates Private Limited ("**ZMPPL**"), Zuari Industries Limited (now known as Zuari Global Limited) and Maroc Phosphore S.A. The arbitration tribunal, vide an arbitration order dated May 9, 2012, dismissed the Claim in its entirety ("**Award**"). Subsequently, the Petitioner filed a petition before the single bench of the High Court of Delhi ("**Single Bench**") under Section 34 of the Arbitration Act challenging the Award ("**Petition**"). The Single Bench, vide its order dated May 21, 2017, dismissed the Petition, *inter alia*, on the grounds that there had been no lack of interference with the majority decision of the Award ("**High Court Order**"). Thereafter, ZMPPL filed an appeal before the High Court of Delhi challenging the High Court Order, *inter alia*, on the grounds that, allegedly, there was no effective consultation undertaken amongst the members of the arbitration tribunal before declaring the Award. The matter is currently pending.

Litigation involving Paradeep Phosphates Limited

1. Paradeep Phosphates Limited ("**PPL**"), one of our group companies, imported a consignment of di-ammonium phosphate ("**Consignment**") from Yunnan Honghxiang Chemicals Company Limited, a Chinese manufacturer in August 2013. During the unloading and dispatch of the Consignment, a sample ("**Sample**") was taken for laboratory analysis in the Central Fertilizer Quality Control and Training Institute, Faridabad for inspection of its quality, however, the Sample was found to be non-standard on account of its deficiency in water solubility, i.e. the (P2O5) parameter ("**QC Order**"). Subsequently, the Sample was also sent for analysis to the State Fertilizer Quality Control Laboratory, Jodhpur which concurred with the QC Order. Consequently, the claim for subsidy by PPL for an amount of ₹5,350.00 lakhs, under the Nutrient Based Subsidy Policy ("**Subsidy**"), was withheld by the Department. of Fertilizer, Ministry of Chemicals & Fertilizer ("**DOF**"). PPL made a representation to DOF and the said representation in due course was forwarded to the Indian Council of Agricultural Research ("**ICAR**") seeking their views on the same. PPL did not receive any communication from DOF, thereafter, and filed a writ petition, on November 2, 2018, before the Delhi High Court seeking redressal of the grievances for recovery of Subsidy ("**Petition**"). The Petition was disposed of by the Delhi High Court directing the DOF to consider the representation of PPL within six weeks after giving an opportunity of personal hearing to PPL in the matter. The matter is currently pending.

2. Paradeep Phosphates Limited ("**PPL**"), one of our group companies filed a writ petition dated April 29, 2016 before the High Court of Orissa, challenging the resolution dated May 18, 2015, passed by the State Cabinet, Government of Orissa ("**Respondent**") which mandated PPL and certain other industries ("**Industries**") to make a one-time contribution towards the water conservation fund, of ₹250.00 lakhs per cusec of water allocated to it ("**Contribution Amount**"). Further, the Respondent also passed a resolution dated November 3, 2015 directing the Industries to pay the Contribution Amount in five equal instalments. Subsequently, the Respondent raised a further demand, dated February 16, 2016, for a payment of ₹ 2,322.50 lakhs to be made by PPL towards the water conservation fund. The matter is currently pending.

VI. Tax Proceedings

Except as disclosed below, there are no tax proceedings involving our Company, our Subsidiaries, our Promoters, and our Directors:

Name of Entity	Direct Tax Matters		Indirect Tax Matters	
	Number of cases	Amount involved (*₹ in lakhs*)	Number of cases	Amount involved (*₹ in lakhs*)
Company				
Our Company*	6	2,303.50	18	3,998.83
Promoter				
Zuari Global Limited	16	9,592.40	-	-
Texmaco Infrastructure & Holdings Limited	2	10.07	1	23.99
Directors				
Saroj Kumar Poddar	-	-	1	6,083.88
Subsidiaries				
MCFL	2	2,413.04	12	7,282.55
Total	**26**	**14,319.01**	**31**	**17,389.23**

***** *Additionally, as on September 30, 2018 there is an income tax advance of ₹2,222.40 lakhs to Zuari Global Limited by our Company, against demands of earlier years, pertaining to the fertiliser business that was demerged and transferred to the Company pursuant to the Scheme of Arrangement and Demerger.*

Outstanding dues to Creditors

As at September 30, 2018, we had 1,923 creditors on a consolidated basis. The aggregate amount outstanding to such creditors as on September 30, 2018 was ₹2,10,654,44 lakhs, on a consolidated basis.

There are 63 micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, to whom our Company owes ₹758.10 lakhs as of September 30, 2018.

As per the materiality policy, creditors of our Company to whom an amount exceeding 5% of our total consolidated trade payables for the period ending September 30, 2018 was outstanding, were considered 'material' creditors. Based on this criterion, our Company had the following creditors as on September 30, 2018:

Type of creditors	**Number of creditors**	**Amounts due (*in ₹ lakhs*)**
MSMEs	63	758.10
Material creditors	5	1,08,056.58
Other creditors	1,855	1,01,839.76
Total Outstanding Dues	**1,923**	**2,10,654.44**

The details pertaining to amounts due towards the material creditors are available on the website of our Company at http://www.zuari.in/assets/files/Material-Creditors-as-on-30th-Sept-2018-as-per-Materiality-Policy.pdf. It is clarified that such details available on our website do not form a part of this Draft Letter of Offer. Anyone placing reliance on any other source of information, including Company's website www.zuari.in would be doing so at their own risk.

Material Developments

Except as disclosed elsewhere in this Draft Letter of Offer, since September 30, 2018, the date of the last Restated Ind AS Consolidated Summary Statements included in this Draft Letter of Offer, there have not arisen, any circumstances which materially and adversely affect, or are likely to affect, our profitability or operations taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months. For further details, please see "*History and Other Corporate Matters*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 107 and 269, respectively.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein and in "Risk Factors" on page 16, our Company and our material Subsidiary have obtained all material consents, licenses, permissions, registrations and approvals, from various governmental, statutory and regulatory authorities in India, which are necessary for undertaking our current business activities and operations. In view of the indicative approvals listed below, no further significant approvals from any government or regulatory or any other entity are required to undertake this Issue or continue the present business activities and operations of our Company. Unless otherwise stated, these approvals are valid as of the date of this Draft Letter of Offer. Further, unless otherwise stated, these approvals are in respect of the business and operations of our Company and/or its material Subsidiary. For details in relation to the regulatory and legal framework within which we operate, see "Regulations and Policies" on page 97. Some of the approvals may expire periodically in the ordinary course and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures.

We have also disclosed below (i) applications made by our Company; (ii) approvals expired and for which renewals have not been applied for and (iii) approvals expired and for which renewals have been applied for. For further details in connection with the applicable regulatory and legal framework, see "Regulations and Policies" on page 97.

Approvals in relation to our Company

I. Approvals in relation to the Issue

1. Approval of the Board of Directors of our Company for the Issue by way of resolutions dated June 25, 2018 and February 8, 2019.
2. Approval of the Shareholders for the Issue, vide their resolution dated August 3, 2018 through postal ballot.
3. In-principle approval from BSE dated [●] for the Issue.
4. In-principle approval from NSE dated [●] for the Issue.

II. Corporate Approvals

1. Certificate of incorporation dated September 10, 2009.
2. Certificate of commencement of business dated December 31, 2009.
3. Fresh certificate of incorporation consequent upon change of name dated September 28, 2012.
4. Corporate Identity Number L65910GA2009PLC006177.

III. Tax-related approvals of our Company

1. Permanent account number AAACZ3924H issued by the Income Tax Department, Government of India, under the Income Tax Act, 1961.

2. Tax deduction account number BLRZ11011A issued by the Income Tax Department, Government of India, under the Income Tax Act, 1961.

3. Registration number 30AAACZ3924H1ZL issued by the Government of India and Government of Goa under the Central Goods and Services Tax Act, 2017 and Goa Goods and Service Tax Act, 2017.

4. Following State GST registrations obtained from the relevant State Governments:

Sr. No.	State	Registration Number
1.	Andhra Pradesh	37AAACZ3924H1Z7
2.	Assam	18AAACZ3924H1Z7
3.	Bihar	10AAACZ3924H1ZN
4.	Chhattisgarh	22AAACZ3924H1ZI
5.	Goa	30AAACZ3924H1ZL
6.	Gujarat	24AAACZ3924H1ZE
7.	Haryana	06AAACZ3924H1ZC
8.	Jharkhand	20AAACZ3924H1ZM

Sr. No.	State	Registration Number
9.	Karnataka	29AAACZ3924H1Z4
10.	Kerala	32AAACZ3924H1ZH
11.	Madhya Pradesh	23AAACZ3924H1ZG
12.	Maharashtra	27AAACZ3924H1Z8
13.	Orissa	21AAACZ3924H1ZK
14.	Punjab	03AAACZ3924H2ZH
15.	Puducherry	34AAACZ3924H1ZD
16.	Rajasthan	08AAACZ3924H1Z8
17.	Tamil Nadu	33AAACZ3924H1ZF
18.	Telangana	36AAACZ3924H1Z9
19.	Uttar Pradesh	09AAACZ3924H1Z6
20.	West Bengal	19AAACZ3924H1Z5
21.	Himachal Pradesh	02AAACZ3924H1ZK
22.	Uttarakhand	05AAACZ3924H1ZE

IV. Existing approvals for our Company's establishments and business operations issued by authorities of the respective jurisdictions in which our factories and commercial establishments are located

We require various approvals and/or licenses under various rules and regulations to operate our business in India. We have obtained the necessary permits, licenses and approvals from the appropriate regulatory and governing authorities required to operate our business.

Some of the material valid approvals required by our Company to operate our business include the following:

A. Approvals relating to our business and operations

i. License under the Fertiliser (Control) Order, 1985

As per the Fertiliser (Control) Order, 1985 ("**Fertiliser Order**"), no person shall sell or carry on the business of selling fertilizer without obtaining prior permission of the State Government.

Set out below are the details of the licenses obtained by our Company under the Fertiliser Order for each state where we have our operations:

State	Description	License No.	Issuing Authority	Valid up to
Andhra Pradesh	Letter of authorization for carrying on the business of selling fertilizers/bio-fertilizers /organic fertilizers in wholesale	KRI/17/ADDL.DA/FW/2014/13923	Additional Director of Agriculture, Commissionerate of Agriculture	March 31, 2019
Assam	Letter of authorization for carrying on the business of selling fertilizers in wholesale	1466	Director of Agriculture	June 03, 2019
Bihar	Letter of authorization for carrying on the business of selling fertilizers	968	Director of Agriculture	May 02, 2020
Chhattisgarh	Letter of authorization for carrying on the business of selling fertilizers	565	Additional Director, Directorate of Agriculture	November 15, 2020
Gujarat	Letter of authorization for carrying on the business of selling fertilizers in wholesale	Renewal No. 710	Additional Director of Agriculture	December 03, 2020

Goa	Letter of authorization for carrying on the business of selling fertilizers	DOA-GOA/FCO-85/LOA-W-A2/17-18/00070	Director of Agriculture	April 18, 2020
Haryana	Letter of authorization for carrying on the business of selling fertilizers	MOA No. 95	Director of Agriculture	September 16, 2021
Karnataka	Letter of authorization for carrying on the business of selling fertilizers	FRC/GDA/BU/80/R/2015-16	Joint Director of Agriculture	March 29, 2019
Karnataka	Letter of authorization for carrying on the business of selling fertilizers	RCW/BLR/36	Joint Director of Agriculture	July 01, 2019
Karnataka	Letter of authorization for carrying on the business of selling fertilizers	Renewal No. IDA/DWD/WFRL-19/2017-18	Joint Director of Agriculture	March 31, 2020
Madhya Pradesh	Letter of authorization for carrying on the business of selling fertilizers	158	Directorate of Farmer Welfare and Agriculture Development	May 31, 2020
Maharashtra	Letter of authorization for carrying on the business of selling fertilizers	LCFD 10010026	Chief Quality Control Officer, Commissionerate of Agriculture	March 26, 2019
Orissa	Letter of authorization for carrying on the business of selling fertilizers in wholesale	OR/DA & F.P. (O)/ N/ 2015-16/ 0092	Joint Director of Agriculture, Directorate of Agriculture and Food Production	August 03, 2021
Tamil Nadu	Letter of authorization for carrying on the business of selling fertilizers in wholesale	FCO1/115019/2017	Deputy Director of Agriculture (Fertiliser)	October 15, 2020
Telangana	Letter of authorization for carrying on the business of selling fertilizers in wholesale	RRD/0/ADDL.DA/FW/2013/3173	Additional Director of Agriculture	March 31, 2019
Uttarakhand	Letter of authorization for carrying on the business of selling fertilizers in wholesale	USN-RP/428/N	Quality Control Officer (Fertiliser)	March 31, 2021
Uttar Pradesh	Letter of authorization for carrying on the business of selling fertilizers	754/75322	Joint Director of Agriculture (Fertiliser)	May 16, 2020
West Bengal	Letter of authorization for carrying on the business of selling fertilizers	25170108/15-16/00002/N	Deputy Director of Agriculture (Manures and Fertilisers)	July 30, 2021

ii. License under the Insecticides Act, 1968

Any person who desires to import or manufacture any insecticide is required to apply to the registration committee, established under the Insecticides Act, 1968 ("**Insecticides Act**") for the registration of such insecticide.

Set out below are the details of the "*License to sell, stock or exhibit for sale or distribute by retail the insecticide*" obtained by our Company under the Insecticides Act, 1968 for each state where we have our operations:

State	License No.	Issuing Authority	Valid up to
Maharashtra	LCID 10010129	Director of Agriculture (Input & Quality Control)	January 23, 2020
Maharashtra	LCID 10010129	Chief Quality Control Officer, Commissionerate of Agriculture	Validity of the marketing endorsement and godown rent agreement, that is, May 31, 2021
Maharashtra	LCID10010313	Chief Quality Control Officer, Commissionerate of Agriculture	Validity of the marketing endorsement and godown rent agreement, that is, May 31, 2021

iii. License under the Seeds (Control) Order, 1983

The Seeds (Control) Order, 1983 ("**Seeds Order**") requires every person carrying on the business of selling, exporting or importing seeds, including but not limited to, those of a notified kind or variety, to obtain a licence and to sell, export, or import seeds in compliance with the terms and conditions of such license.

Set out herein below are the details of the "*License to carry on the business of a dealer in seeds*" obtained by our Company for each state where we have our operations:

Sr. No.	State	License No.	Issuing Authority	Valid up to
1.	Karnataka	IDA/DWR/sd. 1/114/2010.11	Joint Director of Agriculture	May 25, 2019
2.	Madhya Pradesh	597	Deputy Director of Agriculture	May 17, 2019
3.	Rajasthan	20/RAJ/2000	Joint Director of Agriculture	April 14, 2021
4.	Telangana	Lr. No. Sr Cell (1) 220/2018	Additional Director of Agriculture	June 21, 2019

B. Factory and labour-related approvals

1. Zuarinagar, Goa

i. Authorization under the Environment (Protection) Act, 1986 and the Bio-Medical Waste Management Rules, 2016 bearing number 13/584/16-PCB/Tech/18312 issued by the Environmental Engineer, Goa State Pollution Control Board, for operating the facility for generation, collection, reception, treatment, storage, transport, and disposal of bio-medical wastes.

ii. Certificate of registration for our food establishment under the Food Safety and Standards Act, 2006 bearing number 20614002001474 issued by the Food and Drug Administration, Goa.

iii. Licence to store compressed gas in cylinders (chlorine) under the Explosives Act, 1884 and the Gas Cylinder Rules, 2004 bearing number G/WC/GA/06/56 (G13270) issued by the Joint Chief Controller of Explosives, West Circle, Mumbai.

2. Mahad, Maharashtra

i. License to work a factory bearing number 1672000211262 issued by the Directorate of Industrial Safety and Health, Raigarh.

3. *Hyderabad, Telangana*

   1. License to work a factory bearing number 67493 issued by the Inspector of Factories.
   2. License of processer under Section 7(1-D) of the Telangana (Agricultural Produce and Livestock Markets Act, 1996, bearing number TS/PRL/AMC/M/26/2018 issued by the office of the Agricultural Market Committee.
   3. License to operate as trader under Section 7(1-A) of the Telangana (Agricultural Produce and Livestock Markets Act, 1996, bearing number TS/TL/AMC/M/25/2018 issued by the office of the Agricultural Market Committee.

Additionally, we have obtained the following approvals for our carrying out our business, including (i) approvals under the Petroleum Act, 1934 and the relevant rules thereunder for import and storage of petroleum, (ii) approvals under the Legal Metrology Act, 2009 for the certification of our weights and measures, and (iii) approvals under the Indian Boilers Act, 1923.

C. Commercial and Other Approvals

1. Shops and establishments registrations for our site offices and other premises, wherever applicable, issued by the ministry or department of labour of relevant State Governments. These licenses are periodically renewed, whenever applicable.

2. Non-objection certificates from the respective authorities for installation of high rise equipment, KCL storage unit and fertiliser blending unit as well as storage of liquid ammonia.

3. Certificates of registration under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, granted by the Employees' Provident Fund Organisation, and under the Employees' State Insurance Act, 1948.

D. Intellectual property related approvals

Trademarks

i. The following trademarks are registered in the name of our Company:

Logo	Class	Registration Number
JAI KISAAN	1	265376
JAI KISAAN	31	265381
SAMARTH	1	891755
SAMPATTI	1	595758
SAMPANNA	1	1304220
DIAMPHOS	1	360989
SUPERPHOS	1	637918
BIOPHOS	1	600064
SOUBHAGYA	1	934906
URAMPHOS	1	467460
SURAKSHA	5	2199196
SUPER 16	1	2876499
CALNIT 19	1	1876385
POORNA 19	1	1876381
SULPHO 50	1	1876383
GANDHAK 90	1	1888688
ADBOR	1	2254387
ADBOR	5	2254388
SAMPURNA	1	3332863
SAMPUNA	1	278480
BOOST 52	1	1876380
SAMRAT	1	422569
SAMRAT GOLD	1	2978284
SURAKSHA	1	2199195
CROP CARE DILOSAAN	5	3098107

CROP CARE CHLOROSAAN	5	3098108
CROP CARE KLEEN 80	5	3098109
CROP CARE MONOSAAN	5	3098113
CROP CARE BENZY 700	5	3098114
CROP CARE THUMP	5	3098115
CROP CARE YALI	5	3098116
CROP CARE SNYPER	5	3098117
CROP CARE RAIPER	5	3098118
CROP CARE RARON	5	3098120
CROP CARE PROCYP	5	3098121
CROP CARE KLEEN 58	5	3098127
CROP CARE ZAILO	5	3098128
CROP CARE ATRASAAN	5	3098131

V. Applications made by the Company

i. *Other licenses*

We have sought environmental clearance for the proposed project of modernisation of our urea manufacturing facility in Goa from the Ministry of Environment, Forests and Climate Change vide an application dated November 30, 2017. Such environmental clearance has also been sought in respect of the proposed 30THP fertiliser blending unit for customised NPK production vide an application dated August 19, 2017.

ii. *Trademark applications*

Logo	Class	Application Number
NAVRATNA	99	3044636
CROP CARE HEXAAN	5	3098119

VI. Approvals expired and for which renewals have not been applied for

A. Approvals relating to our business

i. License under the Seeds Order

Sr. No.	State	Particulars	License No.	Issuing Authority	Date of Expiry
1.	Maharashtra	License to carry on the business of dealer in seeds	LCSD10010557	Director of Agriculture	September 22, 2018

B. Factory and labour-related approvals

1. Zuarinagar, Goa

i. Certificate of registration as a principal employer under the CLRA bearing number DLC/SG/CL/(R-33)/1994 issued by the Deputy Labour Commissioner, Goa.

ii. Consent to operate under the under the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**"), the Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**"), and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("**Hazardous Wastes Rules**") bearing consent order number 5/107/88-PCB/CI-2883 issued by the Superintending Engineer, Goa State Pollution Control Board.

iii. Certificate of registration under the Interstate Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 bearing number DLC/SG/ISMW/(R-95)/13 issued by the Deputy Labour Commissioner, Goa.

2. *Mahad, Maharashtra*

i. Certificate of registration as a principal employer under the CLRA bearing number 1710300710011292, issued by the Commissioner of Labour.

VII. Approvals expired and for which renewals have been applied for

A. Approvals relating to our business

i. License under the Insecticides Act

Sr. No.	State	Particulars	License No.	Issuing Authority	Date of Expiry	Date of Renewal Application
1.	Goa	License to sell, stock or exhibit for sale or distribute insecticide	DOA-GOA/LACT-68/SSE/FORMVIII/18-19-0011612/14-15	Director of Agriculture	December 31, 2018	December 04, 2018

B. Factory and labour-related approvals

Zuarinagar, Goa

1. License to work a factory under the Factories Act, 1948, issued by the Chief Inspector of Factories and Boilers.

C. Commercial and Other Approvals

Zuarinagar, Goa

1. No-objection certificate in relation to fire protection and safety measures from the Directorate of Fire and Emergency Services, Government of Goa.

VIII. Applications made for transfer of license

Our Company has filed the following applications for transferring licenses to the name of our Company pursuant to the Scheme of Amalgamation. For further details, please see the section "*History and other Corporate Matters – Details regarding acquisition of business / undertakings, mergers and amalgamation*" on page 113.

Sr. No.	State	Particulars	Authority to which application has been made	Date of Application	Name of transferor	Name of transferee
1.	Maharashtra	License for industrial plot	Maharashtra Industrial Development Corporation	December 21, 2017	Zuari Speciality Fertilizers Limited	Zuari Agro Chemicals Limited
2.	Maharashtra	Consent to operate under the Air Act, the Water Act and the Hazardous Waste Rules	Maharashtra Industrial Development Corporation	December 21, 2017	Zuari Speciality Fertilizers Limited	Zuari Agro Chemicals Limited

Sr. No.	State	Particulars	Authority to which application has been made	Date of Application	Name of transferor	Name of transferee
3.	Maharashtra	Consent to operate under the Air Act, the Water Act and the Hazardous Waste Rules	Sub Regional Office, Maharashtra Pollution Control Board	November 14, 2017	Zuari Fertilisers and Chemicals Limited	Zuari Agro Chemicals Limited
4.	-	Transfer of trademark registration of "CROP CARE PHORASAAN"	Registrar of Trademarks	September 27, 2018	Zuari Agri Sciences Limited	Zuari Agro Chemicals Limited
5.	-	Transfer of trademark registration of "CROP CARE KAALI"	Registrar of Trademarks	September 27, 2018	Zuari Agri Sciences Limited	Zuari Agro Chemicals Limited
6.	West Bengal	License to sell, stock or exhibit for sale or distribute insecticide*	Joint Director of Agriculture, West Bengal	November 13, 2017	Zuari Agri Sciences Limited	Zuari Agro Chemicals Limited
7.	West Bengal	License to carry on the business of a dealer in seeds	Director of Agriculture, West Bengal	March 7, 2018	Zuari Agri Sciences Limited	Zuari Agro Chemicals Limited

* *The said license expired on December 31, 2018. As on date of this Draft Letter of Offer, the Company is awaiting the renewed license.*

Approvals in relation to our material Subsidiary – Mangalore Chemicals & Fertilizers Limited ("**MCFL**")

I. Corporate Approvals

1. Certificate of incorporation dated July 18, 1966.
2. Fresh certificate of incorporation consequent upon change of name dated July 5, 1978.
3. Corporate Identity Number: L24123KA1966PLC002036

II. Tax Related Approvals.

1. Permanent account number AABCM3599G issued by the Income Tax Department, Government of India, under the Income Tax Act, 1961.

2. Tax deduction account number BLRM00453F issued by the Income Tax Department, Government of India, under the Income Tax Act, 1961.

3. Registration number 29AABCM3599G1Z3 issued by the Government of India and Government of Goa under the Central Goods and Services Tax Act, 2017 and Karnataka Goods and Service Tax Act, 2017.

III. Approvals relating to MCFL's business

A. License under the Fertiliser Order

Set out below are the details of the licenses obtained by MCFL under the Fertiliser Order for each state where it has its operations:

State	Description	License No.	Issuing Authority	Valid up to
Andhra Pradesh	Letter of authorization for carrying on the business of selling fertilizers / organic fertilizers / in wholesale	NLR/25/ADDL.DA/FW/2013/3339	Additional Director of Agriculture	March 20, 2019
Goa	Letter of authorization for carrying on the business of selling fertilizers	DOA-GOA/FCO-85/LOA-W-A2/16-17/00058	Director of Agriculture	January 3, 2020
Karnataka	Letter of authorization for carrying on the business of selling fertilizers	JDA/F&PP/KAR/FE18-1900198/2018-19/12	Joint Director of Agriculture (Fertiliser and Plant Protection)	July 19, 2021
Karnataka	Letter of authorization for carrying on the business of selling fertilizers	JDA/DK/FWSL/MNG/7/2015-16	Joint Director of Agriculture	March 31, 2019
Kerala	Letter of authorization for carrying on the business of selling fertilizers in wholesale	1/08-09/R/2017-20	Additional Director of Agriculture	March 31, 2020
Maharashtra	Letter of authorization for carrying on the business of selling fertilizers	LCFD - 10010078	Director, Commissionerate of Agriculture	June 12, 2019
Puducherry	Letter of authorization for carrying on the business of importing fertilizers	57/FL/KKL/2017-2020	Additional Director of Agriculture	March 31, 2020
Tamil Nadu	Letter of authorization for carrying on the business of selling fertilizers	23/S&C/DA/2016-2019	Deputy Director of Agriculture (Fertiliser)	March 31, 2019

B. *Factory and labour-related approvals*

1. Certificate of registration under CLRA bearing number RG/LA/MNG-19/76 issued by the Assistant Labour Commissioner, Mangalore.

2. Authorisation for operating its facility for generation, collection, reception, treatment, storage, transport and disposal of biomedical wastes issued by the Environmental Officer, Karnataka State Pollution Control Board by way of a consent order bearing number KPCB/RO(MNG)/UIN NO–1203011678/Reg. No. 149493/2018-19/675.

3. Consent to operate under the Water Act and the Air Act issued by the Karnataka State Pollution Control Board by way of a consent order bearing number AW – 301133.

4. Certificate of establishment under the Karnataka Shops and Commercial Establishments Act, 1961 bearing number 41/111/CE/6291/2009 issued by the Senior Labour Inspector, Bengaluru.

5. Certificate of registration for its food establishment under the Food Safety and Standards Act, 2006 bearing number 11218312000 issued by the Designated Officer, Karnataka.

6. Factory license bearing number MYSK – 668 issued by the Directorate of Factories and Boilers, Bengaluru.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Rights Issue of CCDs to the Eligible Equity Shareholders is being made in accordance with the resolution passed by our Board at its meeting held on June 25, 2018 and modified vide its resolution dated February 8, 2019

Our Shareholders have approved the Rights Issue vide their resolution dated August 3, 2018, vide a postal ballot.

The Board or Committee thereof in their meeting held on [●] have determined the Issue Price as ₹[●] per CCD and the Rights Entitlement as [●] CCD(s) for every [●] fully paid-up Equity Share(s) held on the Record Date. The Issue Price has been arrived at, in consultation with the Lead Manager.

Our Company has received approvals from the BSE and the NSE under Regulation 28 of the SEBI Listing Regulations for listing of the CCDs to be allotted in the Issue pursuant to their letters, dated [●] and [●], respectively.

Our Company had filed an exemption application dated February 19, 2019 under Rule 19(7) of the SCRR, as amended for relaxation of strict enforcement of Rule 19(2)(b) of the SCRR in relation to the Issue.

Prohibition by SEBI or RBI

Neither our Company, our Promoters, members of our Promoter Group, our Directors nor the persons in control of our corporate Promoter(s) or our Company have been prohibited from accessing the capital markets, or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

The companies, with which our Promoter, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been prohibited from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except, Saroj Kumar Poddar and Akshay Poddar, who are amongst the promoters of Zuari Global Limited, which in turn, is a promoter of Zuari Finserv Limited, none of our Directors are associated with the securities market in any manner. Further, SEBI has not initiated action against any of our Directors in the past five years preceding the date of this Draft Letter of Offer.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Company does not have any individual promoters. None of our Directors have been declared as fugitive economic offender within the meaning of the Fugitive Economic Offenders Act, 2018.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters and members of our Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended ("**SBO Rules**"), to the extent applicable, as on the date of the Draft Letter of Offer.

Under the Companies (Significant Beneficial Ownership) Rules, 2018, certain persons who are 'significant beneficial owners' ("**SBO**"), are required to intimate their beneficial holdings to the Company in Form no. BEN-1 within 90 days from February 8, 2019 (the date of notification of the Companies (Significant Beneficial Owners) Amendment Rules, 2019). Upon receipt of a declaration by an SBO, the company is required to, within 30 (thirty) days of receiving such declaration, file a return in Form No. BEN-2 with the relevant registrar of companies in respect of each such declaration received by the reporting company. Further, each company is required to maintain a register of SBOs in Form No. BEN-3 which shall be available for inspection to the shareholders the company, is also required to give notice in Form No. BEN-4 to all its members (who are not individuals) who hold more than 10% of the shares asking the members to, inter alia, disclose information of the respective SBO of such member.

Eligibility for the Issue

We are a company incorporated under the Companies Act, 1956 and our Equity Shares are listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations.

Pursuant to Clause 3(b) of Part B of Schedule VI of the SEBI ICDR Regulations, our Company is required to make disclosures as per Part A of Schedule VI of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulation 61 of the SEBI ICDR Regulations, to the extent applicable. Our Company confirms that it is also in compliance with the conditions specified in Regulation 62(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 62(2) of the SEBI ICDR Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, JM FINANCIAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT IS ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, JM FINANCIAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 19, 2019 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer from our Company, our Directors and Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company’s website www.zuari.in, or the respective websites of our Promoters, Promoter Group or any affiliate(s) of our Company would be doing so at his or her own risk.

Our Company and the Lead Manager shall make all information available to the Investors and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorised information or representations. This Draft Letter of Offer is an offer to issue only the CCDs and rights to purchase the CCDs offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager, and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire CCDs, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Our Company, the Lead Manager and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any CCDs. The Lead Manager and its affiliates may engage in transactions with and perform services for our Company and our Group Companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our Group Companies or affiliates, for which they have received and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Goa, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with SEBI.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer shall be submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with SEBI.

Listing

The Equity Shares of our Company are listed on the BSE and the NSE. The CCDs to be issued through the Letter of Offer are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the CCDs. [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

Selling Restrictions

Please see "*Notice to Investors*" on page 6.

Consents

Consents in writing of: (a) all our Directors, Legal Counsel to the Issue, Bankers to our Company, the Lead Manager to the Issue, the Debenture Trustee, the Registrar to the Issue, in their respective capacities, have been obtained; and (b) the Syndicate Members, the Banker(s) to the Issue/ Refund Bank(s) to act in their respective capacities, will be obtained and filed along with a copy of the Letter of Offer with Stock Exchanges and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer.

Expert to the Issuer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated February 19, 2019 from the Statutory Auditors namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under the SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor and in respect of their (i) examination report, dated February 8, 2019 on our Restated Ind AS Consolidated Summary Statements; (ii) their report dated February 18, 2019 on the 'Statement of Possible Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders and its material subsidiary under the applicable laws in India' included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

Previous public or rights issues, if any, during the last five years

Our Company has not made any public issue or rights issue of any kind or class of securities in the last five years preceding the date of this Draft Letter of Offer.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years

Neither our Company nor any listed Group Companies or our listed Subsidiary, has made any capital issuance during the three years preceding the date of this Draft Letter of Offer. As on the date of this Draft Letter of Offer, our Company does not have a listed associate.

Performance vis-à-vis objects-Public/ rights issue by our Company

Our Company has not undertaken any public or rights issue in the ten years preceding the date of this Draft Letter of Offer.

Performance vis-à-vis objects - Last one public/ rights issue of listed Subsidiaries/listed Promoters of our Company during the preceding five years

Neither our listed Subsidiary, MCFL, nor our listed Promoters have undertaken any public or rights issue in the five years preceding the date of this Draft Letter of Offer.

Stock Market Data of Equity Shares

For stock market data, see *"Market Price Information"* on page 321.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA. Applicants giving full details such as folio no./demat account no., name and address, contact telephone/cell numbers, email id of the first applicant, number of CCDs applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders for the redressal of routine investor grievances shall be 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Investors may contact the Compliance Officer in case of any pre-Issue/ post-Issue related problems such as non-receipt of Allotment advice/share certificates/demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

R. Y. Patil

Zuari Agro Chemicals Limited,
Jai Kisaan Bhawan, Zuarinagar,
Goa – 403 726, Goa, India
Tel: +91 83 2259 2180
Email: ryp@adventz.com
Website: www.zuari.in

Arrangements or mechanism evolved by our Company for redressal of investor grievances including through SEBI Complaints Redress System (SCORES)

The Company maintains an exclusive email id: investor.relations@adventz.com to redress the investor's grievances as required under Regulation 13 of SEBI(LODR) Regulations, 2015. The correspondences received under this e-mail id are monitored and addressed on a daily basis.

Status of complaints

4. **Our Company**

In the preceding three years, 27 investor complaints were received and resolved.

5. **MCFL**

In the preceding three years, 38 investor complaints were received and resolved.

Status of outstanding investor complaints in respect of our Company and listed Subsidiaries

As on the date of this Draft Letter of Offer, there are no outstanding investor complaints in respect of our Company and MCFL, our listed material Subsidiary.

Status of outstanding investor complaints in respect of the five largest listed Group Companies

Except, Gobind Sugar Mills Limited, no other Group Companies of our Company are listed on any of the Stock Exchanges. As on the date of this Draft Letter of Offer, there are no outstanding investor complaints in respect of Gobind Sugar Mills Limited.

Time normally taken for disposal of various types of investor complaints

Our Company and MCFL, our listed subsidiary, confirm that the average time taken for disposal of various types of investor grievances and complaints is within 30 days of the receipt of the complaint/grievance.

Price information of past issues handled by JM Financial Limited

Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by JM Financial Limited

Sr. No.	Issue name	Issue Size (₹ in Millions)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Chalet Hotels Limited	16,411.80	280.00	February 7, 2019	294.00	NA	NA	NA
2.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04% [+1.17%]	+30.61% [-7.32%]	+23.78% [-4.33%]
3.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	+5.72% [+6.56%]	+35.38% [+2.56%]	+50.21% [1.90%]
4.	IndoStar Capital Finance Limited	18,440.00	572.00	May 21, 2018	600.00	-0.96% [+1.84%]	-16.28% [+9.07%]	-39.97% [+1.57%]
5.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	+31.81% [+3.79%]	+42.96% [+6.26%]	+51.89% [+9.42%]
6.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	-4.97% [+0.21%]	-8.16% [+9.21%]
7.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	+1.14% [-3.31%]	-0.85% [+1.33%]	-14.80% [+7.66%]
8.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	+3.61% [-3.19%]	+5.91% [+2.95%]	-4.21% [+1.59%]
9.	Prataap Snacks Limited	4,815.98	938.00(1)	October 5, 2017	1,270.00	+25.12% [+5.70%]	+31.82% [+5.60%]	+40.99% [+3.27%]
10.	SBI Life Insurance Company Limited	83,887.29	700.00(2)	October 3, 2017	735.00	-7.56% [+5.89%]	-0.66% [+6.81%]	-3.11% [+2.58%]

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details

Notes:

1. *A discount of ₹90 per equity share had been offered to eligible employees.*
2. *A discount of ₹68 per equity share had been offered to eligible employees.*
3. *Opening price information as disclosed on the website of NSE.*
4. *Change in closing price over the issue/offer price as disclosed on NSE.*
5. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
6. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
7. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*
8. *Restricted to last 10 issues.*

Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	**Total no. of IPOs**	**Total funds raised (₹ in millions)**	**Nos. of IPOs trading at discount on as on 30th calendar days from listing date**			**Nos. of IPOs trading at premium on as on 30th calendar days from listing date**			**Nos. of IPOs trading at discount as on 180th calendar days from listing date**			**Nos. of IPOs trading at premium as on 180th calendar days from listing date**		
			Over 50%	**Between 25% - 50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**
2018-2019*	4	68,856.80	-	-	1	1	-	1	-	1	-	1	1	-
2017-2018	10	251,600.44	-	-	4	-	3	3	-	1	5	1	1	2
2016-2017	7	137,049.21	-	-	2	1	1	3	-	-	1	2	2	2

The information is as on the date of the document

SECTION VII – OFFERING INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer.

OVERVIEW

The CCDs proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the SAF, the Memorandum of Association and Articles of Association of our Company, and the provisions of the Companies Act, FEMA, the SEBI ICDR Regulations and any other guidelines, regulations and notifications issued by SEBI, the guidelines, notifications and regulations issued by the Government of India and other statutory and regulatory authorities from time to time, as applicable, approvals, if any, from the RBI or other regulatory authorities, the SEBI Listing Regulations and terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable from time to time.

In terms of Regulation 76 of the SEBI ICDR Regulations, an applicant in the Issue shall apply through the ASBA process if it: (i) is holding equity shares in a dematerialised mode; (ii) has not renounced its Rights Entitlements in part or in full; and (iii) is not a Renouncee. All Investors including Retail Individual Investors shall mandatorily apply through the ASBA process, provided they are eligible ASBA investors complying with the conditions under Regulation 76 of the SEBI ICDR Regulations and the conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 ("ASBA Circular 2009").

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see "*Terms of the Issue - Procedure for Application through the ASBA Process*" on page 366.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

In terms of the ASBA Circular 2009, for being eligible to apply in the Issue through the ASBA process, an Eligible Shareholder:

- should hold the Equity Shares in dematerialised form as on the Record Date and applies for his/ her Rights Entitlement and/or additional CCDs in dematerialised form;
- should not have renounced his/ her Rights Entitlement in full or in part;
- should not be a Renouncee; and
- must apply through blocking of funds in an account maintained with an SCSB.

Renouncees

All rights/obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue to our Eligible Equity Shareholders with a right to renounce, has been authorised by a resolution of the Board of Directors of our Company passed at their meeting held on June 25, 2018 and modified vide a resolution at their meeting held on February 8, 2019. Our Shareholders have approved the Issue vide their resolution dated August 3, 2018, vide a postal ballot.

Basis for the Issue

The CCDs are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, i.e. [●], fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], you are entitled to the number of CCDs as set out in Part A of the CAFs.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAFs and the issue of CCDs on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making the issue of CCDs on a rights basis to the Eligible Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or CCDs will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the CCDs or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

The Letter of Offer may not be used for the purpose of an offer or invitation in any jurisdiction in which such offer or invitation is not authorised. No action has been or will be taken that would permit the offering of the CCDs or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where offer or invitation is not authorised. Accordingly, the CCDs may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, CAF or any other offering materials or advertisements in connection with Offer may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement or accepting any provisional allotment of CCDs, or making any offer, sale, resale, pledge or other transfer of the CCDs or Rights Entitlement.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute, including any court proceedings and or currently under transmission or are held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations, and for which our Company has withheld the dividend, shall be held in abeyance and the CAFs in relation to these Rights Entitlement shall not be dispatched pending resolution of the dispute / completion of the transmission. On submission of such documents / records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases, to the satisfaction of the Issuer, before the Issue Closing Date, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the CCDs with respect to these Rights Entitlement before the Issue Closing Date at the Issue Price of ₹[●] per CCD as adjusted for any bonus shares, consolidation or spilt of shares (as may be applicable) in accordance with the provisions of the Companies Act, 2013 and all other applicable laws.

PRINCIPAL TERMS OF THE ISSUE

Face Value

Each CCD will have the face value of ₹[●] each.

Issue Price

Each CCD is being offered at a price of ₹[●] per CCD.

Rights Entitlement Ratio

The CCDs are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] CCD(s) for every [●] Equity Share(s) held by such Eligible Equity Shareholders on the Record Date.

Terms of Payment

Full amount of ₹[●] per CCD is payable on application.

A separate cheque/demand draft/pay order must accompany each application form, in case of Non-ASBA Investors. All payments should be made by cheque/demand draft/pay order drawn on any bank, (including a cooperative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is accepted. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar will not accept any payments against applications, if such payments are made in cash.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional CCDs and is allotted lesser number of CCDs than applied for, the excess application money paid shall be refunded. The monies would be refunded within 15 days of the Issue Closing Date. In the event that there is a delay of making refunds beyond such period, our Company shall pay interest at the rate of fifteen per cent per annum for the delayed period.

Compulsorily Convertible

[●] CCDs of face value of ₹[●] each will be automatically and compulsorily converted into [●] Equity Shares fully paid up of ₹10 each at a premium of ₹[●] on Maturity Date, without any application or any further act on the part of the holder of CCDs. There shall be no redemption of the CCDs.

The Conversion Price would be adjusted for any bonus or rights issue made by our Company prior to the Conversion Date so as to ensure that the benefit of the CCD holder is not prejudiced and remains the same as if the bonus or rights issue would not have been declared.

Fractional Entitlements

The CCDs are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] CCD(s) for every [●] Equity Share(s) held as on the Record Date. For CCDs being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●] Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored as above would be given preferential consideration for the Allotment of one additional CCD each if they apply for additional CCDs over and above their Rights Entitlement, if any. However, they cannot renounce the same in favour of third parties.

Those Eligible Equity Shareholders holding less than [●] Equity Shares i.e. holding up to [●] Equity Shares, and therefore entitled to 'zero' CCDs under this Issue shall be dispatched a CAF with 'zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for additional CCDs and would be given preference in the allotment of one additional CCD if, such Eligible Equity Shareholders have applied for the additional CCDs. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero CCDs on a rights basis. He will be given a preference for Allotment of one additional CCD if he has applied for the same.

Our Company shall not issue any fractional certificates to CCD holders on conversion of CCDs to Equity Shares of our Company and instead all such fractional entitlements to which the CCD holders would be entitled to on allotment of the Equity Shares will be consolidated and our Company will issue and allot Equity Shares in lieu thereof to a person authorized by our Company with the express understanding that such person will hold such Equity Shares in trust for those entitled to the fractional entitlements and sell the same in the market within 15 days from date of allotment of the Equity Shares, which will be issued on conversion of CCDs, at the best available price and pay to our Company, the net sale proceeds thereof, which our Company will distribute proportionately to those persons who are entitled to their fractional entitlements.

Rating

The issue of CCDs has been rated by [●] as [●] indicating [●].

Ranking

The CCDs and the equity shares of our Company to be issued and allotted pursuant to conversion of the CCDs Allotted in the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The equity shares of our Company to be issued and allotted pursuant to conversion of the CCDs Allotted in the Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

Security

CCDs shall be unsecured.

Redemption

There shall be no redemption of the CCDs.

Agents and Trustees for the holders of CCDs

Our Company has appointed Axis Trustee Services Limited as Debenture Trustee for the holders of the CCDs offered through the Letter of Offer. The Debenture Trustee has *vide* its letter dated February 12, 2019 has given its in-principle consent to act as debenture trustee for the holders of the CCDs offered through the Letter of Offer. In accordance with Regulation 10 of the SEBI ICDR Regulations, our Company undertakes to execute a trust deed in favour of the Trustees.

Interest on CCDs

An interest of [●]% p.a. payable [●] shall be paid on the CCDs from the date of [●] up to the date prior to conversion of CCDs into equity shares of the Company.

Listing and trading of the CCDs and the equity shares of our Company to be issued pursuant to the Issue

The CCDs proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and the NSE for which our Company has made an application to NSDL and CDSL for allotment of ISIN through letters dated [●] and [●], respectively. All steps for completion of necessary formalities for listing and commencement of trading in the CCDs will be taken within seven Working Days of finalization of basis of Allotment. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will also apply to the BSE and the NSE for final approval for the listing and trading of the CCDs. No assurance can be given regarding the active or sustained trading in the CCDs or the price at which the CCDs offered under the Issue will trade after the listing thereof.

Our Company has made an application dated February 19, 2019 to SEBI, seeking an exemption from the strict enforcement of the requirements with respect to listing under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957. The CCDs are proposed to be listed in pursuance to the relaxation sought from SEBI.

Our Company's existing Equity Shares are currently traded on the BSE and the NSE under the ISIN INE840M01016. The Equity Shares which will arise on conversion of the CCDs shall be listed for trading on the BSE and the NSE under the existing ISIN for fully paid Equity Shares of our Company.

The listing and trading of the CCDs and Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the BSE and NSE, we shall refund through verifiable means, the entire monies received within seven days of receipt of intimation from the BSE and NSE, rejecting the application for listing of the CCDs, and if any such money is not repaid within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

Subscription to the Issue by the Promoters and Promoter Group

Our Promoters and Promoter Group have undertaken vide letters dated February 18, 2019 (the "**Subscription Letters**") to subscribe, on their own account, to the full extent of their rights entitlement in the Issue. Accordingly, the rights entitlement of the Promoter and the Promoter Group in this Issue will be fully subscribed as set forth above. Our Promoters and Promoter Group have, vide the Subscription Letters undertaken to subscribe to the CCDs offered in the Issue that remain unsubscribed, subject to aggregate shareholding of the Promoters and Promoter Group not exceeding 75% of the share capital of our Company post the Issue and post the conversion.

Any such subscription for CCDs over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Our Promoters and Promoter Group, *vide* their Subscription Letters, have confirmed that the subscription to CCDs in this Issue by the Promoters and members of the Promoter Group will not attract open offer requirements under the SEBI Takeover Regulations. Further, the allotment of Equity Shares of the Company pursuant to conversion of CCDs subscribed by the Promoters and other members of the Promoter Group of the Company in this Issue shall be exempt from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations since (a) the Promoters and Promoter Group shall be subscribing to the full extent of their rights entitlement in the Issue and (b) the Conversion Price of the CCDs shall not be higher than the ex-rights price of the Equity Shares determined in accordance with Regulation (10)(4)(b)(ii) of the SEBI Takeover Regulations and (C) the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. The date of acquisition for purposes of reporting requirements specified in Regulation 10(6) and Regulation 10(7) of the Takeover Regulations will be the date of conversion of the CCDs.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue and on allotment of Equity Shares upon conversion of CCDs as mentioned above.

For further details of under subscription and Allotment to the Promoter, see "*Terms of the Issue – Basis of Allotment"* on page 375.

Rights of holders of CCDs of our Company

- The CCDs shall rank pari passu inter-se without any preference or priority of one over the other or others of them.

- The Equity Shares issued pursuant to conversion of the CCDs shall rank pari passu with the then existing Equity Shares in all respects.

- The CCDs shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the Equity Shares. The provisions relating to transfer and transmission and other related matters in respect of Equity Shares contained in the Articles of Association and the Companies Act shall apply, mutatis mutandis, to the CCDs as well.

- The holders of CCDs will not be entitled to any right and privileges of the Equity Shareholders of our Company other than those available to them under applicable laws. The CCDs shall not confer upon the CCD holders the right to receive notice, or to attend and vote at the general meetings of shareholders of our Company.

- The rights, privileges, terms and conditions attached to the CCDs may be varied, modified or abrogated with the consent, in writing, of those holders of the CCDs who hold at least three fourths of the outstanding amount of the CCDs (of the current issue) or with the sanction accorded pursuant to a resolution passed at the meeting of the CCD holders; provided that nothing in such consent or resolution shall be operative against our Company where such consent or resolution modifies or varies the terms and conditions governing the CCDs and the same are not acceptable to our Company.

- Our Company shall, as required by Section 88 of the Companies Act, 2013, keep a Register of the holders of CCDs and enter therein the particulars prescribed under the said provision.

- A meeting of the CCD holders can be convened by (i) the Debenture Trustee or our Company at any time; or (ii) the Debenture Trustee, at the request in writing of the holder(s) of CCDs representing not less than one-tenth in value of the nominal amount of the CCDs for the time being outstanding, by giving not less than 21 days' notice in writing. However, a meeting may be called by giving shorter notice if the consent of the holders of CCDs representing not less than 95% of the CCDs remaining outstanding is accorded.

- The accidental omission to give notice to, or the non-receipt of notice by, any holder of CCDs or other person to whom it should be given shall not invalidate the proceedings at the meeting.

- The quorum for a meeting of the CCD holders shall be 10 per cent of the value of the CCD holders personally present. The nominee of the Debenture Trustee shall be the chairman of the meeting of the holders of CCDs and in his absence, the holder of CCDs personally present at the meeting shall elect one of themselves to be the Chairman thereof on a show of hands. At every such meeting each holder of CCDs shall, on a show of hands, be entitled to one vote only, but on a poll, he shall be entitled to one vote in respect of every CCDs of which he is a holder in respect of which he is entitled to vote.

- The CCDs will be subject to any other terms and conditions to be incorporated in the agreement/trust deed(s) to be entered into by our Company with the Debenture Trustee and the CCDs certificates/allotment letters that will be issued.

Further Issues/Borrowings

Our Company shall be entitled, from time to time, to make further issue, of debentures and/or raise term loans or raise further funds by such other debt instruments or other securities (whether or not the same constitutes securities for the purposes of the Act or the Securities Contract (Regulations) Act, 1956), to the public, or any section of the public in India or any part of the world, members of our Company, by way of a private placement or bilateral arrangements and/ or avail of further financial and or guarantee facilities from financial institutions, banks and/or any other person(s) on the security or otherwise of its property or against any security provided by any third party security provider without the consent of the holders of the CCDs.

Modification to the Terms of the CCDs

Any modification to the terms of issue pertaining to the CCDs would be carried out only with the prior approval of the CCD holders and the Debenture Trustee. This would be done by convening their special class meeting in accordance with the provisions of the Companies Act, 2013 and taking their approval by a simple majority to the terms of modification sought, from the CCD holders present and voting.

General Terms of the Issue

Market Lot

The CCDs of our Company shall be tradable only in dematerialized form. The market lot for CCDs in dematerialised mode is one CCD. In case an Investor holds Equity Shares in physical form, our Company would issue to the allottees one certificate for the CCD allotted to each folio (the "**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Investor.

Joint Holders

Where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of CCDs offered in the Issue. In case such Eligible Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Eligible Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination

Nomination facility is available in respect of the securities in accordance with the provisions of the Section 72 of the Companies Act, 2013. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Equity Shareholder or all the joint Eligible Equity Shareholders, as the case may be, shall become entitled to the CCDs offered in the Issue. A person, being a nominee, becoming entitled to the CCDs by reason of death of the Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Equity Shareholder. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the CCDs, in the event of death of the said Eligible Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the securities by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the securities are held by more than one person jointly, the nominee shall become entitled to all the rights in the securities only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013, read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the securities; or
- to make such transfer of the securities, as the deceased holder could have made.

If the person being a nominee, so becoming entitles, elects to be registered as holders of the securities himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the securities, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the securities, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for CCDs that may be allotted in this Issue under the same folio.

In case the Allotment of CCDs is in dematerialised form, there is no need to make a separate nomination for the CCDs to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Eligible Equity Shareholder would prevail. Any Eligible Equity Shareholder desirous of changing the existing nomination is requested to inform its respective DP.

Arrangements for Disposal of Odd Lots

Our CCDs are traded in dematerialised form only and therefore the marketable lot is one CCD and hence, no arrangements for disposal of odd lots are required.

Offer to Non-Resident Eligible Equity Shareholders/Investors

Applications received from Non-Resident Eligible Equity Shareholders for CCDs under the Issue shall be, *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/allotment advice/share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase capital instruments offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("**FEMA 20, 2017**"). The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If a Non-Resident Eligible Equity Shareholder has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

The CCDs purchased on a rights basis by Non-Resident Eligible Equity Shareholders shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original Equity Shares against which CCDs are issued on a right basis.

CAFs will be made available for eligible Non-Resident Eligible Equity Shareholders at our Registered Office and with the Registrar. In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

Details of separate collecting centres for applications from Non-Resident Eligible Equity Shareholders shall be printed on the CAF.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Konkani language daily newspaper with wide circulation and/or, will be sent by post to the address of the Eligible Equity Shareholders provided to our Company. However, the distribution of the Letter of Offer/Abridged Letter of Offer and the issue of CCDs on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Abridged Letter of Offer and CAF shall be dispatched to Eligible Equity Shareholders at their Indian address only.

If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of CCDs. The CCDs purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights CCDs are issued on rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF

Procedure for Application

The CAF for the CCDs offered as part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client

ID and their full name and address. In case the signature of the Investor(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Eligible Equity Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Equity Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

In terms of Regulation 76 of the SEBI ICDR Regulations, an applicant in the Issue shall apply through the ASBA process if it: (i) is holding equity shares in a dematerialised mode; (ii) has not renounced its Rights Entitlements in part or in full; and (iii) is not a Renouncee. All Investors including Retail Individual Investors shall mandatorily apply through the ASBA process, provided they are eligible ASBA investors complying with the conditions under Regulation 76 of the SEBI ICDR Regulations and the conditions prescribed under the ASBA Circular 2009.

Please also note that by virtue of circular no. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("**OCBs**") have been de recognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

CAF

The Registrar will dispatch the CAF along with the Abridged Letter of Offer along to all Equity Shareholders as per their Rights Entitlement on the Record Date. Applicants may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "*Terms of the Issue - Application on Plain Paper (Non-ASBA)*" and "*Terms of the Issue - Application on Plain Paper under the ASBA Process*" in this section on pages 362 and 369.

The CAF consists of four parts:

Part A: Form for accepting the CCDs offered as a part of this Issue, in full or in part, and for applying for additional CCDs;

Part B: Form for renunciation of CCDs;

Part C: Form for application of CCDs by Renouncee(s);

Part D: Form for request for split application forms.

Option available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of CCDs that the Eligible Equity Shareholder is entitled to. The Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of CCDs in full;
- Apply for his Rights Entitlement of CCDs in part (without renouncing the other part);
- Apply for his Rights Entitlement of CCDs in part and renounce the other part of the CCDs;
- Apply for his Rights Entitlement in full and apply for additional CCDs; and
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the CCDs offered, either in full or in part without renouncing, by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centres as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. **Only Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank or a demand draft payable at par/at Mumbai to the Registrar by speed/registered post so as to reach the Registrar prior to the Issue Closing Date.** Please note that neither our Company nor the Lead Manager or the Registrar shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar are liable to be rejected. For further details on the mode of payment, please see "*Terms of the Issue - Mode of Payment for Resident Investors*" and "*Terms of the Issue - Mode of Payment for Non-Resident Investors*" both on page 364.

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see *"Terms of the Issue – Application on Plain Paper (non-ASBA)"* and *"Terms of the Issue – Application on Plain Paper under the ASBA process"* on pages 362 and 369, respectively.

Additional CCDs

You are eligible to apply for additional CCDs over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the CCDs offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional CCDs shall be considered and Allotment shall be made at the sole discretion of our Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "*Terms of the Issue - Basis of Allotment*" on page 375.

Under the foreign exchange regulations currently in force in India, transfers of securities between non-residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of securities is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required. FVCIs, Category - I AIFs and VCFs are not permitted to participate in the rights issue by listed companies. For details on restrictions on eligibility by FPIs and FVCIs, *see "Terms of the Issue - Procedure for Application by FPIs"* and "*Terms of the Issue - Procedure for Applications by AIFs, FVCIs and VCFs"* both on page 383.

If you desire to apply for additional CCDs, please indicate your requirement in the place provided for additional CCDs in Part A of the CAF. Renouncee(s) applying for all the CCDs renounced in their favour may also apply for additional CCDs by indicating the details of additional CCDs applied in place provided for additional CCDs in Part C of CAF.

Where the number of additional CCDs applied for exceeds the number of CCDs available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the CCDs offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the CCDs in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors); (iv) HUF however, you may renounce your Rights Entitlements to the Karta of an HUF acting in his capacity of Karta); or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold CCDs, as the case may be). Additionally, the Eligible Equity Shareholders may not renounce the Rights Entitlement in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for CCDs or Rights Entitlement under applicable securities or other laws.

Eligible Equity Shareholders may also not renounce in favour of persons or entities in the United States or to the account or benefit of a U.S. person (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for CCDs or Rights Entitlement under applicable securities laws.

Non Resident investors who are not existing Eligible Equity Shareholders may not apply for CCDs in addition to their Rights Entitlement, i.e., Non Resident Renouncees cannot apply for additional shares.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of our Company who do not wish to subscribe to the CCDs being offered but wish to renounce the same in favour of Renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that erstwhile OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No. 20/2000- RB dated May 3, 2000 under the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the erstwhile OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for CCDs in Part ‘C’ of the CAF for the purpose of Allotment of such CCDs. The Renouncees applying for all the CCDs renounced in their favour may also apply for additional CCDs. Part ‘A’ of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any CCDs in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the application from the Renouncees without assigning any reason thereof.

Procedure for renunciation

To renounce all the CCDs offered to an Eligible Equity Shareholder in favour of one Renouncee

If you wish to renounce your Rights Entitlement indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part ‘C’ of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept your Rights Entitlement in part and renounce the balance, or (ii) renounce the entire Rights Entitlement under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the CCDs, does not match with the specimen registered with our Company / Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the CCDs are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for CCDs jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Sr. No	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional CCDs	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional CCDs *(All joint holders must sign in the same sequence)*
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the CCDs offered to you to more than one Renouncee	Fill in and sign Part D *(all joint holders must sign in the same sequence)* requesting for SAFs. Send the CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the CCDs you wish to accept, if any, fill in and sign Part A. (ii) For the CCDs you wish to renounce, fill in and sign Part B indicating the number of CCDs renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the CCDs accepted by them.
4.	Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one).*	Fill in and sign Part B *(all joint holders must sign in the same sequence)* indicating the number of CCDs renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(all joint Renouncees must sign)*
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Instructions for Options

Instructions for Options for Non-ASBA Investors

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the CCDs offered, using the CAF:

All applicants applying for CCDs in physical form have to provide original cancelled cheque with name printed on it OR copy of passbook or bank statement attested by banker, along with the rights entitlement/CCD(s) application. In case it is not provided, your application will be liable to be rejected.

All applicants applying for shares in physical form are requested to note that pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018, and press release dated December 3, 2018 made by SEBI, from April 1, 2019, transfer of securities shall not be processed unless securities are held in dematerialized form with a depository, except in case of transmission or transposition of securities.

Please note that:

- Options (3), (4) and (5) will not be available for Eligible Equity Shareholders applying through ASBA process.

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.

- Request for each SAF should be made for a minimum of one CCD or, in each case, in multiples thereof and one SAF for the balance CCDs, if any.

- Request by the Investor for the SAFs should reach the Registrar on or before [●].

- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Please note that renunciations by Eligible Equity Shareholders may be subject to additional legal requirements and Applicants must obtain their own independent legal advice in relation to such requirements, including the number of persons in whose favour the CCDs offered through this Issue may be renounced. CAF once split cannot be split further.

- SAFs will be sent to the Investor(s) by post at the Applicant's risk.

- Eligible Equity Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for CCDs or Rights Entitlement under applicable securities laws.

- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for CCDs in Part 'C' of the CAF to receive Allotment of such CCDs.

- While applying for or renouncing their Rights Entitlement, all joint Eligible Equity Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company / Depositories.

- *Non-resident Eligible Equity Shareholders*: Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of CCDs allotted as a part of this Issue shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of CCDs, subsequent issue and allotment of CCDs, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

- Applicants must write their CAF number at the back of the cheque / demand draft.

- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar. Please note that the request for duplicate CAF should reach the Registrar within seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar or the Lead Manager will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper (Non-ASBA)

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque drawn on a bank payable at par, pay order/demand draft, payable at par/at Mumbai of an amount, net of bank and postal charges along with the Application Money payable to the Banker to the Issue or any of the collection centres before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard, to the Registrar by registered post. **Only Investors at centres not covered by the collection branches of the Banker to the Issue can send their CAFs together with the cheque payable at par or a demand draft payable at par/at Mumbai to the Registrar to the Issue by speed /registered post so as to reach the Registrar to the Issue prior to the Issue Closing Date.** For details of the mode of payment, see "*Terms of the Issue - Modes of Payment*" on page 364. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "ZUARI AGRO CHEMICALS LIMITED – RIGHTS ISSUE" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with our Company / Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being ZUARI AGRO CHEMICALS LIMITED;
- Name and Indian address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if Equity Shares are held in physical form. Please note that option to receive CCDs in physical form shall be available only for a period of six months from the date of the SEBI ICDR Regulations coming into force;
- Number of CCDs entitled to;
- Number of CCDs applied for;
- Number of additional CCDs applied for, if any;
- Total number of CCDs applied for;
- Total amount paid at the rate of ₹[●] per CCD.;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the CCDs applied for pursuant to the Issue;

- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;

- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company /Depositories); and

- Additionally, all such Applicants are deemed to have accepted the following:

  *"I/ We understand that neither the Rights Entitlement nor the CCDs have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**") or to, or for the account or benefit of a "U.S. Person" as defined in Regulation S under the Securities Act ("**Regulation S**"). I/ we understand the CCDs referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any CCDs or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said CCDs or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is, a resident of the U.S. or a "U.S. person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

  I/ We will not offer, sell or otherwise transfer any of the CCDs which may be acquired by me/us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/We satisfy, and each account for which I/we am/are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence.

  I/ We understand and agree that the Rights Entitlement and CCDs may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

  I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the CCDs is/ are, outside the U.S., (ii) am/ are not a "U.S. person" as defined in Regulation S, and (iii) is/ are acquiring the Rights Entitlement and/ or the CCDs in an offshore transaction meeting the requirements of Regulation S.

  I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Equity Shareholder without any interest thereon.

In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper application format will be available on the website of the Registrar at www.linkintime.co.in.

Last date for Application

The last date for submission of the duly filled in CAF or the plain paper application is [●]. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF or the plain paper application, together with the amount payable is not received by the Banker to the Issue/ Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose of the CCDs hereby offered, as provided under "*Terms of the Issue - Basis of Allotment*" on page 375.

Modes of Payment

Investors are advised to use CTS cheques to make payment. Investors are cautioned that CAFs accompanied by non- CTS cheques are liable to be rejected.

Mode of payment for Resident Investors

- All cheques / demand drafts accompanying the CAF should be drawn in favour of "[●]" crossed 'A/c Payee only' and should be submitted along with the CAF to the Bankers to the Issue/ Collecting Bank or to the Registrar;

- Only Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque drawn on a bank payable at par, pay order/ demand draft for the full application amount, net of bank and postal charges drawn in favour of "[●]", crossed 'A/c Payee only' and payable at par/at Mumbai directly to the Registrar by speed/registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "ZUARI AGRO CHEMICALS LIMITED – RIGHTS ISSUE". Our Company or the Registrar or the Lead Manager will not be responsible for postal delays or loss of applications in transit, if any. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual Non-Resident Indian Applicants who are permitted to subscribe for CCDs by applicable local securities laws can obtain application forms from the following address:

  Registrar to the Issue
  Link Intime India Private Limited
  C-101, 1st Floor, 247 Park
  Lal Bahadur Shastri Marg, Vikhroli (West)
  Mumbai – 400 083
  Maharashtra, India
  Tel: +91 22 4918 6200
  Fax: +91 22 4918 6195
  E-mail: zuariagro.ccd@linkintime.co.in
  Investor Grievance E-Mail: zuariagro.ccd@linkintime.co.in
  Website: www.linkintime.co.in
  Contact Person: Sumeet Deshpande
  SEBI Registration No.: INR000004058
  Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and CCDs may be restricted by applicable securities laws.

- All non-resident investors should draw the cheques/ demand drafts payable at par/at Mumbai for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar.

- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of "[●]", crossed 'A/c Payee only' payable at par, in case of non-resident shareholder applying on non-repatriable basis and in favour of "[●]" crossed 'A/c Payee only' payable at par/at Mumbai, in case of non-resident shareholder applying on repatriable basis directly to the Registrar by speed/registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "ZUARI AGRO CHEMICALS LIMITED – RIGHTS ISSUE". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

- Payment by non-residents must be made by demand draft, pay order/cheque or funds remitted from abroad in any of the following ways:

  Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at par/at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- By cheque/draft drawn on an NRE or FCNR Account; or

- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at par/at Mumbai;

- FPIs registered with SEBI must utilise funds from special non-resident rupee account;

- Non-Resident Investors with repatriation benefits should draw the cheques/ demand drafts payable at par/at Mumbai in favour of "[●]", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

  Application without repatriation benefits

- As far as non-residents holding CCDs on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at pat/at Mumbai. In such cases, the Allotment of CCDs will be on non-repatriation basis.

- Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

- An Eligible Equity Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in CCDs can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case CCDs are allotted on a non-repatriation basis, the dividend and sale proceeds of the CCDs cannot be remitted outside India.

- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Procedure for Application through the ASBA Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

In terms of Regulation 76 of the SEBI ICDR Regulations, an applicant in the Issue shall apply through the ASBA process if it: (i) is holding equity shares in a dematerialised mode; (ii) has not renounced its Rights Entitlements in part or in full; and (iii) is not a Renouncee. All Investors including Retail Individual Investors shall mandatorily apply through the ASBA process, provided they are eligible ASBA investors complying with the conditions under Regulation 76 of the SEBI ICDR Regulations and the conditions prescribed under the ASBA Circular 2009.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above-mentioned link.

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE CCDS UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA ACCOUNT ON THE RECORD DATE.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for CCDs in the Issue through the ASBA Process is only available to the Eligible Equity Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional CCDs in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the CCDs in the Issue.

ASBA Applicants should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Applicants should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

Acceptance of the Issue under the ASBA process

ASBA Investors may accept the Issue and apply for the CCDs either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard.

Additional CCDs

You are eligible to apply for additional CCDs over and above the number of CCDs that you are entitled to, provided that you are eligible to apply for CCDs under applicable law and you have applied for all the CCDs (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional CCDs applied for exceeds the number available for Allotment, the Allotment would be made as per the basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional CCDs shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the "*Terms of the Issue-*

Basis of Allotment" on page 375.

If you desire to apply for additional CCDs, please indicate your requirement in the place provided for additional CCDs in Part A of the CAF.

The Renouncee applying for all the CCDs renounced in their favour, may also apply for additional CCDs.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment under the ASBA Process

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue as per the provisions of Section 40(3) of the Companies Act, 2013. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

In terms of Regulation 76 of the SEBI ICDR Regulations, an applicant in the Issue shall apply through the ASBA process if it: (i) is holding equity shares in a dematerialised mode; (ii) has not renounced its Rights Entitlements in part or in full; and (iii) is not a Renouncee. All Investors including Retail Individual Investors shall mandatorily apply through the ASBA process, provided they are eligible ASBA investors complying with the conditions under Regulation 76 of the SEBI ICDR Regulations and the conditions prescribed under the ASBA Circular 2009.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. You may exercise any of the following options with regard to the CCDs, using the respective CAFs received from Registrar:

	Option Available	**Action Required**
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement in full and apply for additional CCDs.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional CCDs *(All joint holders must sign in the same sequence)*

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Application on Plain Paper under the ASBA Process

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "ZUARI AGRO CHEMICALS LIMITED – RIGHTS ISSUE" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company / Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Zuari Agro Chemicals Limited;
- Name and Indian address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of Equity Shares held as on Record Date;
- Number of CCDs entitled to;
- Number of CCDs applied for;
- Number of additional CCDs applied for, if any;
- Total number of CCDs applied for;
- Total amount paid at the rate of ₹[●] per CCD;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of Non-Resident Investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the CCDs applied for pursuant to the Issue;
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in our records; and
- Additionally, all such Applicants are deemed to have accepted the following:

  *"I/ We understand that neither the Rights Entitlement nor the CCDs have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**") or to or for the account or benefit of a 'U.S. Person' as defined in Regulation S under the Securities Act ("**Regulation S**"). I/ we understand the CCDs referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no*

circumstances is to be construed as, an offering of any CCDs or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said CCDs or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who, the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company, have reason to believe is, a resident of the U.S. or a "U.S. person" as defined in Regulation S, or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the CCDs which may be acquired by me/us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/We satisfy, and each account for which I/we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence.

I/ We understand and agree that the Rights Entitlement and CCDs may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the CCDs is/ are, outside the U.S., (ii) am/ are not a "U.S. person" as defined in Regulation S, and (iii) is/ are acquiring the Rights Entitlement and/ or the CCDs in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Option to receive CCDs in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE CCDs UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Investors applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

(c) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Escrow Collection Banks (assuming that such Escrow Collection Bank is not an SCSB), to our Company or the Registrar or the Lead Manager to the Issue.

(d) All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN**

details have not been verified shall be "suspended for credit" and no allotment and credit of CCDs pursuant to the Issue shall be made into the accounts of such Investors.

(e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company /or Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company / Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(h) All communication in connection with application for the CCDs, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

(i) Only the person or persons to whom the CCDs have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(j) Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and CCDs under applicable securities laws are eligible to participate.

(k) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through the ASBA process.

(l) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using the ASBA process.

(m) In terms of Regulation 76 of the SEBI ICDR Regulations, an applicant in the Issue shall apply through the ASBA process if it: (i) is holding equity shares in a dematerialised mode; (ii) has not renounced its Rights Entitlements in part or in full; and (iii) is not a Renouncee. All Investors including Retail Individual Investors shall mandatorily apply through the ASBA process, provided they are eligible ASBA investors complying with the conditions under Regulation 76 of the SEBI ICDR Regulations and the conditions prescribed under the ASBA Circular 2009.

(n) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

(o) Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

(p) Investors are required to ensure that the number of CCDs applied for by them do not exceed the investment limits prescribed under applicable law.

(q) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under ""*Terms of the Issue - Application on Plain Paper (Non-ASBA)*" and "*Terms of the Issue - Application on Plain Paper under the ASBA Process*" in this section on pages 362 and 369.

Do's:

(a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under "*Issue Information – Application on Plain Paper under the ASBA process*" on page 369.

(b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as CCDs will be allotted in the dematerialized form only.

(c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(d) Ensure that there are sufficient funds (equal to {number of CCDs as the case may be applied for} X {Issue Price of CCDs, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

(g) Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the IT Act.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

(j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order, pay order or by postal order.

(d) Do not send your physical CAFs to the Lead Manager/Registrar/Escrow Collection Banks (assuming that such Escrow Collection Bank is not an SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not apply if the ASBA account has been used for five Applicants.

(g) Do not apply through the ASBA Process if you are not an eligible ASBA Investor.

(h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under " - *Grounds for Technical Rejections for non-ASBA Investors*" on page 381, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for Allotment of Rights Entitlements or additional CCDs which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) Sending an ASBA application on plain paper to a person other than an SCSB.

(e) Sending CAF to Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not an SCSB) / to a branch of an SCSB which is not a Designated Branch of the SCSB / Company.

(f) Renouncee applying under the ASBA Process.

(g) Submission of more than five CAFs per ASBA Account.

(h) Insufficient funds are available with the SCSB for blocking the amount.

(i) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

(j) Account holder not signing the CAF or declaration mentioned therein.

(k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. Person" as defined in Regulation S and does not have a registered address (and is not otherwise located) in the United States (as defined in Regulation S) or any restricted jurisdiction and is authorised to acquire the rights and the Rights Entitlements and/or CCDs in compliance with all applicable laws and regulations.

(l) If a shareholder makes an application both in an application form as well as on a plain paper, both applications are liable to be rejected.

(m) CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction or executed by or for the account or benefit of a "U.S. person" (as defined in Regulation S).

(n) An Eligible ASBA Investor not applying through the ASBA process.

(o) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(p) Submitting the GIR instead of the PAN.

(q) An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

(r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(s) ASBA Bids by SCSB on own account, other than through an ASBA account in its own name with any other SCSB.

(t) Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

(u) If an Investor is (a) debarred by SEBI and / or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

(v) Applications by Applicants ineligible to make applications through the ASBA process, made through the ASBA process.

Depository account and bank details for Investors applying under the ASBA Process

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR CCDs IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent CCDs are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

This Issue shall not be underwritten.

Issue Schedule

Issue Opening Date :
Last date for receiving requests for SAFs :
Issue Closing Date :

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, the Letter of Offer, the CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to Allot the CCDs in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for CCDs renounced in their favour, in full or in part. Allotment to non-resident Renouncees shall be subject to permissible foreign investment limits applicable to our Company under FEMA, from time to time.

(b) Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement would be given preference in allotment of one additional CCD each if they apply for additional CCDs. Allotment under this head shall be considered if there are any unsubscribed CCDs after allotment under (a) above. If number of CCDs required for Allotment under this head are more than the number of CCDs available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the CCDs offered to them as part of the Issue, have also applied for additional CCDs. The Allotment of such additional CCDs will be made as far as possible on an equitable basis having due regard to their Rights Entitlement on the Record Date, provided there are any unsubscribed CCDs after making full Allotment in (a) and (b) above. The Allotment of such CCDs will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the CCDs renounced in their favour, have applied for additional CCDs provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such CCDs will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated CCDs in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investor;

- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ CCD certificates/ demat credit and/or letters of regret along with refund order or credit the allotted CCDs to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

In case our Company fails to obtain listing or trading permission from the BSE and NSE, we shall refund through verifiable means, the entire monies received within seven days of receipt of intimation from the BSE and NSE, rejecting the application for listing of the CCDs, and if any such money is not repaid within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") (except where Investors have not provided the details required to send electronic refunds), or such other mode as may be mutually agreed upon by our Company, the Registrar and the Lead Manager.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the CCDs shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding CCD certificates will be kept ready within two months from the date of Allotment thereof under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the CCDs certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor‘s registered address in India or the Indian address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank and postal charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The CCD certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

Our Company will issue and dispatch refund orders within a period of 15 days from the Issue Closing Date. If such money is not repaid within the stipulated time period or such other period as may be prescribed under applicable laws, our Company shall pay that money with interest at the rates prescribed by applicable laws for the delayed period in this regard.

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:

1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. RTGS – If the refund amount exceeds ₹200,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be dispatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / CCD Certificates/ Demat Credit

Allotment advice/ CCD certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive CCDs in Dematerialized Form

Investors shall be allotted the CCDs in dematerialized (electronic) form at the option of the Investor. Our Company, along with the Registrar and Share Transfer Agent has signed a tripartite agreement with NSDL on June 8, 2012 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the CCDs in the form of physical certificates. Our Company, along with the Registrar and Share Transfer Agent has also signed a tripartite agreement with CDSL on May 10, 2012 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the CCDs in the form of physical certificates.

In this Issue, the Allottees who have opted for CCDs in dematerialized form will receive their CCDs in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar but the Investor's depository participant will provide to him the confirmation of the credit of such CCDs to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the CCDs in physical form. No separate CAFs for CCDs in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical CCDs will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the CCDs sought in demat and balance, if any, will be allotted in physical CCDs. Eligible Equity Shareholders of our Company holding Equity Shares in physical form may opt to receive CCDs in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE CCDs CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of CCDs in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company*). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*

- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their CCDs pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of CCDs arising out of this Issue may be made in dematerialized form even if the Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company / Depositories.

- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's Depository Participant.

- If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get CCDs in physical form.

- The CCDs allotted to Applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such CCDs to the Applicant's depository account.

- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of CCDs in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

- Non-transferable allotment advice / refund orders will be directly sent to the Investors by the Registrar.

General instructions for non-ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

(c) Application should be made on the printed CAF, provided by our Company except as mentioned under "*Terms of the Issue - Application on Plain Paper (Non-ASBA)*" and "*Terms of the Issue - Application on Plain Paper under the ASBA Process*" in this section on pages 362 and 369 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

(d) The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/ Escrow Collection Bank or to the Registrar and not to our Company or the Lead Manager to the Issue. **Only Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at par/at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar by speed/registered post.** If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for CCDs are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.

(e) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

(f) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details is liable to be rejected.

(g) All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(h) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF or the plain paper application as per the specimen signature recorded with our Company.

(i) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum of Association and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(j) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company /Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(k) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of CCDs shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to FPIs, in the matter of refund of application money, Allotment of CCDs, subsequent issue and Allotment of CCDs, interest, export of share certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States (as defined in Regulation S), or in any jurisdiction where the offer or sale of the Rights Entitlements and CCDs may be restricted by applicable securities laws, unless they are able to provide the representations, warranties and agreements specified for such persons under "*Notice to Investors*" on page 6.

(l) All communication in connection with application for the CCDs, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and transfer agents of our Company, in the case of CCDs held in physical form and to the respective depository participant, in case of CCDs held in dematerialized form.

(m) SAFs cannot be re-split.

(n) Only the person or persons to whom CCDs have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(o) Investors must write their CAF number at the back of the cheque /demand draft.

(p) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(q) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be liable to be rejected. The Registrar will not accept payment against application if made in cash.

(r) No receipt will be issued for application money received. The Bankers to the Issue / Escrow Collection Banks/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(s) The distribution of the Letter of Offer and issue of CCDs and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for CCDs.

(t) Investors are requested to ensure that the number of CCDs applied for by them do not exceed the prescribed limits under applicable law.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Record Date.

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in.

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the CCDs will be allotted in the dematerialized form only.

(d) Ensure that your Indian address is available to our Company and the Registrar, in case you hold the Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form.

(e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of CCDs applied for) X (Issue Price of CCDs, as the case may be) before submission of the CAF. Only Investors residing at places other than cities where the branches of the Banker to the Issue have been authorized by our Company for collecting applications, will have to make payment by Demand Draft payable at par/at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by speed/registered post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

(f) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.

(g) Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not submit Application accompanied with stockinvest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

(a) Amount paid does not tally with the amount payable.

(b) Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar and transfer agent (in the case of physical holdings).

(c) Age of Investor(s) not given (in case of Renouncees).

(d) Except for CAFs on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.

(e) In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.

(f) If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.

(g) CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer.

(h) CAFs not duly signed by the sole/joint Investors.

(i) CAFs/ SAFs by erstwhile OCBs not accompanied by a copy of an RBI approval to apply in this Issue.

(j) CAFs accompanied by stock invest/ outstation cheques/ post-dated cheques/ money order/ postal order/outstation demand drafts.

(k) If a shareholder makes an application both in an application form as well as on a plain paper, both applications are liable to be rejected.

(l) In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.

(m) CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States (as defined in Regulation S) or any restricted jurisdictions and is authorised to acquire the rights and the Rights Entitlements and/or CCDs in compliance with all applicable laws and regulations.

(n) CAFs which have evidence of being executed in/dispatched from restricted jurisdictions.

(o) CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided.

(p) CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.

(q) In case the GIR number is submitted instead of the PAN.

(r) Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(s) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(t) Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

(u) If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

(v) Non-ASBA applications made by any investor who is an Eligible ASBA Investor meeting the eligibility requirements prescribed under the SEBI ASBA Circular and the SEBI ICDR Regulations.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Procedure for Application by FPIs

In terms of the FPI Regulations, the issue of CCDs to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our Company's post-Issue equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions, which may be specified by the Government from time to time. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the AIF Regulations prescribe, amongst other things, the investment restrictions on AIFs. As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

Procedure for Applications by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. Applications made by asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Dematerialized dealing

Our Company has entered into agreements dated June 8, 2012 and May 10, 2012 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE840M01016.

Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest Scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar / Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on CCDs allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

1. All monies received out of the Issue shall be transferred to a separate bank account;

2. Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

3. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

4. Our Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the CCDs are to be listed will be taken within seven Working Days of finalization of basis of Allotment.

3. The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. Where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the Applicants.

6. The certificates of the securities / refund orders to the non-resident Indians shall be dispatched within the specified time.

7. No further issue of securities affecting our Company's equity share capital shall be made till the securities issued/ offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

8. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

9. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the basis of Allotment.

10. At any given time there shall be only one denomination for the Equity Shares of our Company.

11. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

12. Our Company shall utilise the funds collected in the Issue only after finalisation of the basis of Allotment.

13. Our Company shall forward the details of utilisation of the funds raised through the CCDs duly certified by the Statutory Auditors of our Company, to the Debenture Trustee at the end of each half-year.

14. Our Company shall disclose the complete name and address of the Debenture Trustee in the annual report.

15. Our Company shall provide a compliance certificate to the CCD holders (on yearly basis) in respect of compliance with the terms and conditions of issue of CCDs as contained in this Draft Letter of Offer, duly certified by the Debenture Trustee.

16. Our Company shall extend necessary cooperation with the credit rating agency in providing true and adequate information till the obligations of our Company in respect of the CCDs are outstanding.

17. Our Company shall send a suitable communication to the applicants in case of release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within a period of 15 days from the Issue Closing Date. If there is a delay in the refund of subscription money by more than eight days after our Company becomes liable to pay the subscription amount, our Company shall pay interest for the delayed period, at the rate of fifteen per cent. per annum.

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected. It is to be specifically noted that this Issue of CCDs is subject to the risk factors mentioned in "*Risk Factors*" on page 16.

- All enquiries in connection with the Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed "Zuari Agro Chemicals Limited - Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

  Link Intime India Private Limited
  C-101, 1st Floor, 247 Park
  Lal Bahadur Shastri Marg, Vikhroli (West)
  Mumbai – 400 083
  Maharashtra, India
  Tel: (91) 22 4918 6200
  Fax: (91) 22 4918 6195
  E-mail: zuariagro.ccd@linkintime.co.in
  Investor Grievance E-Mail: zuariagro.ccd@linkintime.co.in
  Website: www.linkintime.co.in
  Contact Person: Sumeet Deshpande
  SEBI Registration No.: INR000004058

The Issue will remain open for a minimum 15 days. However, the Board will have the right to *extend* the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries / departments of the Government of India and the RBI. The Union Cabinet has recently approved phasing out the FIPB, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments.

Subsequently, the DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "**Competent Authority**") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority.

The GoI has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF ZUARI AGRO CHEMICALS LIMITED

TABLE F EXCLUDED

Article 1 provides that "no regulations contained in Table F, in the Schedule I to the Companies Act, 2013, or in the Schedule to any previous Companies Act, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 2013, be such as are contained in these Articles."

INTERPRETATION CLAUSE

Articles 2 provides that "in the interpretation of these Articles unless repugnant to the subject or context:-

"**Alter**" and "**Alteration**" shall include making of additions, omissions and modifications.

"**Articles**" means these articles of association of the Company or as altered from time to time.

"**Director**" means a director appointed to the Board of the Company.

"**Expression**" means any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

"**In Writing**" and "**Written**" include printing, lithography and other modes of representing or reproducing words in a visible form and any other form of electronic transmission.

"**Number**" and "**Gender**" means words importing the singular number include, where the context admits or requires, the plural number and vice versa and words importing the masculine gender also include the feminine gender.

"**Persons**" means the word imparting persons shall, where the context requires, include bodies corporate, companies as well as individuals and trust.

"**Rules**" means the applicable rules for the time being in force as prescribed under relevant sections of the Act.

"**Seal**" means the Common Seal of the Company for the time being.

"**The Act**" means "**The Companies Act, 2013**" or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable and shall also include Rules, where necessary.

"**The Board of Directors**" or "**Board**", in relation to a company, means the collective body of the directors of the company.

"**These presents**" means and includes the Memorandum and these Articles of Association."

AUTHORISED SHARE CAPITAL

Article 3 provides that "The Authorised Share Capital of the Company is ₹157,00,00,000 (Rupees one hundred and fifty seven crores) divided into equity share capital of ₹122,50,00,000 (Rupees one hundred and twenty two crores fifty lakhs) consisting of 12,25,00,000 (Twelve crores twenty five lakhs) Equity Shares of the face value of ₹10 (Rupees Ten) each and Preference Share Capital of ₹34,50,00,000 (Rupees Thirty four crores fifty lakhs) consisting of 3,45,00,000 (Three crores forty five lakhs) Preference Shares of the face value of ₹10/- (Rupees Ten) each with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential qualified or special rights, privilege or conditions as may be determined by or in accordance with the Articles of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or provided by the Articles of the Company for the time being."

RESTRICTION ON ALLOTMENT

Article 4 provides that:

(a) “The Directors shall in making the allotments duly observe the provisions of the Act.
(b) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.”

SHARE UNDER CONTROL OF BOARD

Article 5 (b) provides that “subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such terms as they may, from time to time, think fit.”

DIRECTORS MAY ALLOT SHARES OTHERWISE THAN FOR CASH

Article 5 (c) provides that “subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.”

NEW CAPITAL SAME AS EXISTING CAPITAL

Article 6 provides that “except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer, transmission, voting and otherwise.”

POWER TO ALTER SHARE CAPITAL

Article 7 provides that “subject to the provisions of the Act, Rules and applicable laws the Company may:

(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
(c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
(d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
(e) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.”

REDUCTION OF CAPITAL

Article 9 provides that “the Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, —

(a) Its share capital; and/or

(b) Any capital redemption reserve account; and/or

(c) Any securities premium account; and/or

(d) Any other reserves in the share capital.”

POWER TO PAY COMMISSION IN CONNECTION WITH SECURITIES ISSUED

Article 14 (1) provides that “the Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules."

ISSUE OF FURTHER SHARES NOT TO AFFECT RIGHTS OF EXISTING MEMBERS

Article 15 provides that "the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith."

POWER TO ISSUE REDEEMABLE PREFERENCE SHARES

Article 16 provides that "subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act."

FURTHER ISSUE OF SHARE CAPITAL

Article 17 (1) provides that "the Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to –

(a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
(b) employees under any scheme of employees' stock option; or
(c) any persons, whether or not those persons include the persons referred to in Article (a) or Article (b) above.

MODE OF FURTHER ISSUE OF SHARES

Article 17 (2) provides that "a further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules."

CALLS

Article 18 provides that "the Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times."

Article 19 provides that "at least fourteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid."

Article 20 provides that "a call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board."

Article 21 provides that "a call may be revoked or postponed at the discretion of the Board."

Article 23 provides that "the Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members who from residence at a distance or other cause the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour."

Article 24 provides that "if any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 10 per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member."

Article 25 provides that "any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified."

LIEN

Article 29 (1) provides that "the Company shall have a first and paramount lien –

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:
Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

Article 29 (2) provides that "the Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company."

Article 29 (3) provides that "unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien."

FORFEITURE OF SHARES

Article 34 provides that "if any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment."

Article 37 provides that "when any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid."

Article 38 provides that "any share so forfeited shall be deemed to be the property of the Company. And may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit."

Article 40 states that "the forfeiture of a share shall involve extinction, at the time of the forfeiture of all interest in and all claims and demands, against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved."

EXTRAORDINARY GENERAL MEETING

Article 68 provides that "all general meetings other than annual general meeting shall be called extraordinary general meeting."

Article 69 states that "the Board may, whenever it thinks fit, call an extraordinary general meeting."

Article 70 (1) provides that "no business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business."

Article 70 (3) provides that "the quorum for a general meeting shall be as provided in the Act."

Article 71 provides that "the Chairperson of the Company shall preside as Chairperson at every general meeting of the Company."

Article 72 provides that "if there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting."

Article 73 provides that "if at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting."

Article 74 provides that "on any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote."

Article 75 (1) provides that "the Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered."

Article 75 (2) provides that "there shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting -

(a) is, or could reasonably be regarded, as defamatory of any person; or
(b) is irrelevant or immaterial to the proceedings; or
(c) is detrimental to the interests of the Company."

Article 75 (3) provides that "the Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid Article."

VOTING

Article 79 provides that "subject to any rights or restrictions for the time being attached to any class or classes of shares -

(a) on a show of hands, every member present in person shall have one vote; and
(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company."

Article 80 provides that "a member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once."

Article 81 provides that "no member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien."

EQUAL RIGHTS OF MEMBERS

Article 87 provides that "any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class."

PROXY

Article 88 provides that "any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting."

BOARD OF DIRECTORS

Article 91 provides that "unless otherwise determined by a General Meeting, the number of Directors shall not be less than 3 (Three) and not more than 15 (Fifteen)."

Article 92 provides that "subject to the provisions of Act,

(a) The Board of Directors may appoint or re-appoint one or more of their body, not exceeding two, to be the Managing Director or Managing Directors of the Company for such period not exceeding 5 years as it may deem fit, subject to such approval of the Central Government as may be necessary in that behalf.
(b) The remuneration payable to a Managing Director shall be determined by the Board of Directors subject to the sanction of the Company in General Meeting and of the Central Government, if required.

(c) If at any time there are more than one Managing Director, each of the said Managing Directors may exercise individually all the powers and perform all the duties that a single Managing Director may be empowered to exercise or required to perform under the Companies Act or by these presents or by any Resolution of the Board of Directors and subject also to such restrictions or conditions as the Board may from time to time impose. The Managing Director shall not be liable to retire by rotation.

(d) The Board of Directors may at any time and from time to time designate any Managing Director as Deputy Managing Director or Joint Managing Director or by such other designation as it deems fit.

(e) Subject to the supervision, control and directions of the Board of Directors, the Managing Director/Managing Directors shall have the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties and in relation to the management of the affairs, except such powers and such duties as are required by Law or by these presents to be exercised or done by the Company in General Meeting or by the Board and also subject to such conditions and restrictions imposed by the Act or by these presents or by the Board of Directors."

Article 93 (1) provides that "subject to the provisions of the Act, the Board may appoint one or more of its body, as Whole-time Director or Whole Time Directors on such designation and on such terms and conditions as it may deem fit. The Whole-time Director/s shall perform such duties and exercise such powers as the Board may from time to time determine which shall exercise all such powers and perform all such duties subject to the control, supervision and directions of the Board and subject thereto the supervision and directions of the Managing Director. The remuneration payable to the Whole-time Directors shall be determined by the Company in General Meeting, subject to the approval of the Central Government, if any, required in that behalf."

Article 93 (2) provides that "a Whole-time Director shall (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be Whole-time Director, if he ceases to hold the Office of Director for any cause except where he retires by rotation in accordance with the Articles at an Annual General Meeting and is re-elected as a Director at that Meeting."

Article 95 provides that "any person, whether a member of the Company or not, may be appointed as a Director. No qualification by way of holding shares in the capital of the Company shall be required of any Director."

DIRECTOR'S REMUNERATION

Article 96 (a) provides that "until otherwise determined by the Company in General Meeting, each Director shall be entitled to receive and be paid out of the funds of the Company a fee for each meeting of the Board of Directors or any committee thereof, attended by him as may be fixed by the Board of Directors from time to time subject to the provisions of Section 197 of the Act, and the Rules made there under. For the purpose of any resolution in this regard, none of the Directors shall be deemed to be interested in the subject matter of the resolution. The Directors shall also be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attendance at meetings of the Board or of any committee of the Board or otherwise in the execution of their duties as Directors either in India or elsewhere. The Managing/ Whole-time Director of the Company who is a full time employee, drawing remuneration will not be paid any fee for attending Board Meetings.

Article 96 (b) provides that "subject to the provisions of the Act, the Directors may, with the sanction of a Special Resolution passed in the General Meeting and such sanction, if any, of the Government of India as may be required under the Companies Act, sanction and pay to any or all the Directors such remuneration for their services as Directors or otherwise and for such period and on such terms as they may deem fit."

Article 96 (c) provides that "subject to the provisions of the Act, the Company in General Meeting may by Special Resolution sanction and pay to the Director in addition to the said fees set out in sub-Article (a) above, a remuneration not exceeding one per cent (1%) of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act. The Board of Directors shall have all the powers to decide and pay the remuneration so calculated among the members of the Board."

Article 96 (d) provides that "subject to the provisions of Section 188 of the Companies Act, and subject to such sanction of the Government of India, as may be required under the Companies Act, if any Director shall be appointed to advise the Board of Directors as an expert or be called upon to perform extra services or make special exertions for any of the purposes of the Company, the Board of Directors may pay to such Director such special remuneration as they think fit; such remuneration may be in the form of either salary, commission, or lump sum and may either be in addition to or in substitution of the remuneration specified in Article 96 (a) of the Article."

CHAIRMAN OF THE BOARD

Article 97 provides that The Directors may from time to time elect from among their number a Chairman of the Board and determine the periods for which he is to hold office. If at any meeting of the Board the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their numbers to be Chairman of the meeting.

CASUAL VACANCY

Article 98 provides that "if the office of any Director becomes vacant before the expiry of the period of his Directorship in normal course, the resulting casual vacancy may be filled by the Board at a Meeting of the Board subject to Section 161 of the Act. Any person so appointed shall hold office only up to the date which the Director in whose place he is appointed would have held office if the vacancy had not occurred as aforesaid."

ALTERNATE DIRECTORS

Article 99 (a) provides that "the Board may appoint an Alternate Director to act for a Director hereinafter called in this Article "the Original Director" during his absence for a period of not less than 3 months from India."

Article 99 (b) provides that "an Alternate Director appointed as aforesaid shall vacate office if and when the Original Director returns to India."

INDEPENDENT DIRECTORS

Article 99 (c) provides that

"(i) The Directors may appoint such number of Independent Directors as are required under Section 149 of the Companies Act, 2013 or Article 49 of Listing Agreement, whichever is higher, from time to time.
(ii) Independent directors shall possess such qualification as required under Section 149 of the Companies Act, 2013 and Article 49 of Listing Agreement
(iii) Independent Director shall be appointed for such period as prescribed under relevant provisions of the Companies Act, 2013 and Listing Agreement and shall not be liable to retire by rotation."

WOMEN DIRECTOR

Article 99 (d) provides that "the Directors shall appoint one woman director as per the requirements of section 149 of the Act."

CHIEF EXECUTIVE OFFICER, ETC.

Article 99 (e) provides that: "Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer."

ADDITIONAL DIRECTORS

Article 100 (a) provides that "the Directors may, from time to time, appoint a person as an Additional Director provided that the number of Directors and Additional Directors together shall not exceed the maximum number of Directors fixed under the Act. Any person so appointed as an Additional Director shall hold office up to the date of the next Annual General Meeting of the Company."

PROPORTION OF DIRECTORS LIABLE TO RETIRE BY ROTATION

Article 100 (b) provides that "the proportion of directors to retire by rotation shall be as per the provisions of

Section 152 of the Act."

CORPORATION/ NOMINEE DIRECTOR

Article 102 (a) provides that "Notwithstanding anything to the contrary contained in the Articles, so long as any monies remain owing by the Company any finance corporation or credit corporation or body, (herein after in this Article referred to as "The Corporation") out of any loans granted by them to the Company or as long as any liability of the Company arising out of any guarantee furnished by the Corporation, on behalf of the Company remains defaulted, or the Company fails to meet its obligations to pay interest and/or instalments, the Corporation shall have right to appoint from time to time any person or person as a Director or Directors (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any person so appointed, any person or persons in his or their place(s)."

RIGHT OF DIRECTORS

Article 103 provides that "except as otherwise provided by these Articles and subject to the provisions of the Act, all the Directors of the Company shall have in all matters equal rights and privileges, and be subject to equal obligations and duties in respect of the affairs of the Company."

ROTATION AND RETIREMENT OF DIRECTORS

Article 106 provides that "at every annual meeting, one-third of the Directors shall retire by rotation in accordance with the relevant provisions of the Act."

RETIRING DIRECTORS ELIGIBLE FOR RE-ELECTION

Article 107 provides that "a retiring Director shall be eligible for re-election and the Company at the General Meeting at which a Director retires in the manner aforesaid may fill up vacated office by electing a person thereto."

MEETING OF THE BOARD

Article 115 (a) provides that "the Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit, provided that a meeting of the Board shall be held at least once in every one hundred and twenty days; and at least four such meetings shall be held in every year."

Article 119 (2) provides that "if no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their members to be Chairperson of the meeting."

Article 120 (a) provides that "the Board may, from time to time, and at any time and in compliance with provisions of the act and listing agreement constitute one or more Committees of the Board consisting of such member or members of its body, as the Board may think fit."

Article 122 (a) states that "a Committee may elect a Chairperson of its meetings unless the Board while constituting a Committee has appointed a Chairperson of such Committee."

POWERS OF BOARD

Article 126 provides that "the management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statue or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made."

Article 128 provides that "in furtherance of and without prejudice to the general powers conferred by or implied in Article 130 and other powers conferred by these Articles, and subject to the provisions of Sections 179 and 180 of the Act, that may become applicable, it is hereby expressly declared that it shall be lawful for the Directors to carry out all or any of the objects set forth in the Memorandum of Association and to the following things.”

Article 130 provides that “the payment or repayment of monies borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.”

TERMS OF DEBENTURE ISSUE

Article 132 states that:

a. “Any such debenture, debenture stock, bond or other security may be issued at a discount, premium or otherwise, and with any special privilege as the redemption, surrender, drawing, allotment of shares of the Company, or otherwise, provided that debentures with the right to allotment or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

b. Any trust deed for securing of any debenture or debenture stock and or any mortgage deed and/or other bond for securing payment of monies borrowed by or due by the Company and/ or any contract or any agreement made by the Company with any person, firm, body corporate, Government or authority who may render or agree to render any financial assistance to the Company by way of loans advanced or by guaranteeing of any loan borrowed or other obligations of the Company or by subscription to the share capital of the Company or provide assistance in any other manner may provide for the appointment from time to time, by any such mortgagee, lender, trustee of or holders of debentures or contracting party as aforesaid, of one or more persons to be a Director or Directors of the Company. Such trust deed, mortgage deed, bond or contract may provide that the person appointing a Director as aforesaid may, from time to time, remove any Director so appointed by him and appoint any other person in his place and provide for filling up of any casual vacancy created by such person vacating office as such Director. Such power shall determine and terminate on the discharge or repayment of the respective mortgage, loan or debt or debenture or on the termination of such contract and any person so appointed as Director under mortgage or bond or debenture trust deed or under such contract shall cease to hold office as such Director on the discharge of the same. Such appointment and provision in such document as aforesaid shall be valid and effective as if contained in these presents.

c. The Director or Directors so appointed by or under a mortgage deed or other bond or contract as aforesaid shall be called a Mortgage Director or Mortgage Directors and the Director if appointed as aforesaid under the provisions of a debenture trust deed shall be called “Debenture Director”. The words “Mortgage” or “Debenture Director” shall mean the Mortgage Director for the time being in office. The Mortgage Director or Debenture Director shall not be required to hold any qualification shares and shall not be liable to retire by rotation or to be removed from office by the Company. Such mortgage deed or bond or trust deed or contract may contain such auxiliary provision as may be arranged between the Company and mortgagee, lender, the trustee or contracting party, as the case may be, and all such provisions shall have effect notwithstanding any of the other provisions herein contained but subject to the provisions of the Act.

d. The Directors appointed as Mortgage Director or Debenture Director or

e. The total number of ex-officio Directors, if any, so appointed under this Article together with the other ex-officio Directors, if any, appointment under any other provisions of these presents shall not at any time exceed one-third of the whole number of Directors for the time being.”

DIVIDENDS

Article 146 states that “the profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these presents as to the Reserve Fund, shall be divisible among the equity shareholders.”

Article 147 states that “the Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.”

Article 149 states that “the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.”

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Letter of Offer) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder may be inspected at our Registered Office, from 10.00 am to 4.00 pm on Working Days from the date of issuance of the Letter of Offer until the Issue Closing Date.

Material contracts for the Issue

1. Issue Agreement dated February 12, 2019 between our Company, the Lead Manager to the Issue.
2. Agreement dated February 12, 2019 between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.
4. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.
5. Debenture Trustee Agreement dated February 12, 2019 entered into between our Company and the Debenture Trustee.
6. Debenture Trustee Deed dated [●] entered into between our Company and Debenture Trustee.

Other material contracts in relation to our Company

1. Shareholders' Agreement dated February 8, 2002, between Zuari Industries Limited (now known as Zuari Global Limited) and Maroc Phosphore S.A.
2. Share purchase agreement dated May 27, 2011, between Zuari Industries Limited (now known as Zuari Global Limited), Zuari Holdings Limited (now known as Zuari Agro Chemicals Limited) and Zuari Maroc Phosphates Private Limited.
3. Shareholder's agreement dated December 20, 2011, amongst Zuari Industries Limited (now known as Zuari Global Limited), Mitsubishi and MCA Phosphates Pte. Limited.
4. Share subscription agreement dated December 20, 2011 between Zuari Industries Limited (now known as Zuari Global Limited) and Mitsubishi Corporation;
5. Deed of Adherence amongst Zuari Global Limited, our Company, Mitsubishi and MCA Phosphates Pte. Limited dated March 27, 2014;
6. Shareholders agreement in relation to Zuari Gulf RMC FZE dated March 31, 2014 with Globalware Trading & Holdings Limited, Coltrane Corporation Limited, RAK Maritime City Investment Corporation and Zuari Gulf RMZ FZE;
7. Appointment Letter of Sunil Sethy, the Managing Director of our Company, dated July 31, 2017.

Material documents

1. Certified copies of our Memorandum of Association and Articles of Association as amended until date.
2. Certificate of incorporation dated September 10, 2009.
3. Certificate of commencement of business dated December 31, 2009.
4. Fresh certificate of incorporation dated September 28, 2012, consequent upon change of name.
5. Scheme of Arrangement and Demerger.
6. Scheme of Amalgamation.
7. Board resolution of our Company passed in their meeting dated June 25, 2018 authorising the Issue.
8. Board resolution of our Company passed in their meeting dated February 8, 2019, amending the terms of the Issue.
9. Resolution passed by the Shareholders on August 3, 2018, vide a postal ballot.
10. Board resolution of our Company dated January 7, 2019, approving this Draft Letter of Offer.
11. Resolution of the Rights Issue Committee dated February 19, 2019, approving this Draft Letter of Offer.
12. Copies of annual reports of the Company for the preceding three Fiscals.
13. Copy of the Special Purpose Interim Consolidated Ind AS Financial Statements.
14. The examination reports of our Statutory Auditors on our Restated Ind AS Consolidated Summary Statements included in this Draft Letter of Offer.
15. Statement of Possible Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders and its material subsidiary under the applicable laws in India, dated February 18, 2019, 2019 by S. R. Batliboi & Co. LLP, Chartered Accountants.

16. Consent dated February 19, 2019 from the Statutory Auditors, namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under SEBI ICDR Regulations in this Draft Letter of Offer and as an "expert" defined under Section 2(38) of the Companies Act, to the extent and in their capacity as a statutory auditor and in respect of their (i) examination report, dated February 8, 2019 on our Restated Ind AS Consolidated Summary Statements; (ii) their report dated February 18, 2019 on the 'Statement of Possible Special Tax Benefits available to Zuari Agro Chemicals Limited and its shareholders and its material subsidiary under the applicable laws in India', included in this Draft Letter of Offer.
17. Consent dated September 19, 2018, from ICRA Limited to use their name and all or any part of their report titled "Indian Fertiliser & Agri-Inputs Sector" in this Draft Letter of Offer.
18. Consents of Bankers to our Company, the Lead Manager to the Issue, Registrar to the Issue, Bankers to the Issue, Refund Banks, Legal Counsel to the Issue, Directors of our Company, Company Secretary and Compliance Officer to include their names in the Draft Letter of Offer to act in their respective capacities.
19. In-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.
20. Industry report titled Indian Fertiliser & Agri-Inputs Sector published in August 2018 and prepared by ICRA Limited.
21. Observation letter no. [●] dated [●] received from SEBI.
22. Tripartite Agreement dated June 8, 2012 between our Company, National Securities Depository Limited and Link Intime India Private Limited.
23. Tripartite Agreement dated May 10, 2012 between our Company, Central Depository Services (India) Limited and Link Intime India Private Limited.
24. Due Diligence Certificate dated February 19, 2019 from the Lead Manager to the Issue to SEBI.
25. Due Diligence Certificate dated February 19, 2019 from the Debenture Trustee to the Issue to SEBI.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time, if so required, in our interest or if required by the other parties, without reference to the Shareholders or CCD holders, subject to compliance with applicable law.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992 each as amended or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all the disclosures and statements made in this Draft Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Name	Signature
Saroj Kumar Poddar *Chairman and Non-Executive Director*	
Sunil Sethy *Managing Director*	
Akshay Poddar *Non-Executive Director*	
Narayanan Suresh Krishnan *Non-Executive Director*	
Jayant Narayan Godbole *Independent Director*	
Marco Philippus Ardeshir Wadia *Independent Director*	
Gopal Krishna Pillai *Independent Director*	
Kiran Dhingra *Independent Director*	

Date: February 19, 2019

Place: Goa

Sandeep Agrawal
Chief Financial Officer